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UNITES STATES
Hard-up states reassess spending
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World News

Iraq in dock for breaking treaty on nuclear arms

Iraq is to be reported to the United Nations Security Council for deliberately concealing nuclear technology from inspectors of the International Atomic Energy Agency. The US ambassador to the UN described Iraqi defiance as "intolerable". Page 14

Judge blames police
An Israeli judge said police bungling, not Arab provocation, ignited a clash in which 17 Palestinians were shot dead on East Jerusalem's Temple Mount last October. But he recommended against putting the police on trial. Page 6

Mandela disowns Left
African National Congress leader Nelson Mandela said that an ANC government would not follow socialism nor collaborate with the South African Communist party. Page 6

Fire sweeps Soviet ship
One of the Soviet Union's most sophisticated destroyers was swept by fire and badly damaged at a repair yard in the Pacific port of Vladivostok.

Politician shot dead
Andre Cools, a former deputy prime minister and one of Belgium's leading postwar politicians, was shot dead in Liege.

Extradition ruled out
Suspected Irish Republican Army bomber Peter McMullen cannot be sent back to Britain because the US government changed an extradition treaty specially to deport him, a New York federal judge ruled.

Pesticide in lake
Part of Shasta Lake, California's largest reservoir, was sealed off after a huge spill of pesticides began flowing into it following a derailment.

Embezzlement charge
Berlin justice authorities charged Günter Mittag, 64, the former chief economic planner of communist East Germany, with fraudulently enriching himself. Page 2

Teargas fired at mine
Security guards fired teargas at workers who set fire to vehicles and a building during a strike at a platinum mine near Johannesburg.

Naval officer murdered
A lieutenant commander in the British Royal Naval Reserve was shot dead and his brother wounded when terrorists burst into their family shop in central Belfast.

Arrests for $500m theft
Amsterdam police arrested four Dutchmen, including a museum security guard, for the $500m theft in April of 20 Vincent Van Gogh paintings which were quickly recovered.

Bottom of the class
Britain got bad marks for its education system in a European Commission report which found it had the smallest proportion of 18- to 24-year-olds attending degree courses.

Stalin's phone stolen
A thief stole Josef Stalin's wartime telephone from a museum in the Soviet southern republic of Georgia, hoping it would work better than his own.

Business Summary

Newsprint group may quadruple UK capacity

Svenska Cellulosa Aktiebolaget (SCA), the Swedish paper and packaging group, may increase the capacity of its UK newsprint plant in south-east England from 80,000 tonnes a year to 320,000 tonnes, to make it Britain's second largest newsprint producer behind Finland's United Paper Mills.
The move would reduce the UK's reliance on imported newsprint, which last year accounted for about 1.3m tonnes or 70 per cent of UK sales. Page 14

HJ HEINZ, the US food group, is buying JL Foods, a leading North American supplier of processed food ingredients, from John Labatt, the Canadian brewer and food processor, for about $500m (£305m). Page 15

AMERICAN Barrick Resources and Newmont Mining, US gold mining groups, have ended merger talks which would have formed the world's second largest gold producer outside South Africa, and will concentrate instead on co-operation in their operations in Nevada.

NATIONAL Westminster Bancorp, US subsidiary of Britain's National Westminster Bank, has cut its second-quarter loss to $85.1m from $105.3m a year earlier.
Page 15

AMERICAN Telephone & Telegraph (AT&T), the leading US long-distance telephone carrier, announced second quarter net income of $828m, or 75 cents a share, np 26 per cent from $657m, or 60 cants in the same period of 1990. Revenues in the quarter rose 5 per cent to $9.53bn from $9.04bn.
Page 15

SOUTH Korea's car makers enjoyed strong first half exports, but a research institute warned that they were losing competitiveness compared with Japanese manufacturers. Page 20

KANSALLIS-Osake-Pankki, Finland's biggest bank, has *had its debt rating downgraded* from Aa1 to Aa2 by Moody's Investors Service because of rising loan write-offs and declining revenues.
Page 22

CATERPILLAR, the US construction and equipment manufacturer, reported a net loss of $17m in its second quarter, compared with a $46m profit for the same quarter last year. It blamed a 10 per cent fall in sales volume. Page 18

BANKAMERICA, the San Francisco-based bank, made $272m between April and June, up from $267m a year earlier, despite a $175m provision for credit losses. Page 18

AXA, France's second largest insurance company, has injected $1bn into The Equitable Life Assurance Society, the third largest US insurer, to give it a stake of between 40 and 49 per cent when the group sheds its mutual status next year. Page 15

BRENT Walker, the UK leisure group, appointed Mr Ken Scobie as deputy chairman and chief executive. Mr Scobie joined the group as a non-executive director eight weeks ago. Page 15

Justice Department 'stalled BCCI probe'

By Alan Friedman and Tara Senenshine in Washington and Ralph Atkins in London

THE US Department of Justice was accused last night of "stonewalling" in the face of repeated requests by a leading US prosecutor for crucial documents and information relating to Bank of Credit and Commerce International.

In the UK, meanwhile, the political storm over BCCI grew stronger. British government departments tried to distance themselves from a letter, sent by BCCI staff more than a year ago, alleging "widespread corruption" at the bank.

The UK Treasury yesterday confirmed it had received the letter in June 1990 when Mr John Major, now prime minister, was chancellor of the exchequer. The letter had been passed to the Treasury only to be shuffled on to the Departments of Employment and Trada and Industry before being lost.

The opposition Labour Party accused the government of "buck-passing" and called for a public inquiry into the affair. Mr Neil Kinnock, party leader, said customers of BCCI did not have access, "to information which was available to the Bank of England and to the Treasury over years."

In the US, Mr Robert Morgenthau, the Manhattan district attorney who has spent years investigating BCCI money-laundering and its secret ownership of the First American Bank in Washington, said that since March he had written letters, made telephone calls and sent faxes to the Department of Justice asking for assistance on the BCCI case, all to no avail.

"We have had no co-operation from the Justice Department. We are getting no assistance. Justice bas been stonewalling me," Mr Morgenthau told the Financial Times and ABC News/Nightline.

The district attorney also disclosed yesterday that he had sought help from the Bank of England. "For the past month the Bank of England has been co-operative. Before that it was not," he said.

Last night the Jnstice Department responded by saying it was co-operating fully with Mr Morgenthau's office and doing what it could to assist the district attorney's office. "The department continues aggressively to pursue allegations of fraud and resists any attempt to put this complex international investigation on to an arbitrary time schedule."

The UK central bank said: "We believe that Mr Morgenthau is now fully aware of the limitations on what we could provide, but once the basis for a two-way exchange could be established then we were able to meet his requirements."

Mr Morgenthan last March wrote to the federal prosecutor officials in Tampa, Florida requesting documents related to the BCCI case. In January 1990, BCCI agreed to plead guilty to settle charges of laundering drug money.

Other materials believed to be in the possession of the Florida prosecutors include documents concerning BCCI's previously secret ownership of the Washington-based First American Bank – the bank that was chaired by Mr Clark Clifford, a former presidential adviser and former defence secretary.

When the Florida authorities failed to reply, Mr Morgenthau's office sent the letter a second time, again without response. The Manhattan district attorney then telephoned the Justice Department in Washington . He says he received no answer despite making repeated calls over six weeks. After this, he sent fax messages to the Justice Department asking for a reply.

"My agency started this investigation into the ownership of First American by BCCI and alleged money laundering by BCCI's New York office. We have been in the lead on this. But we have had a lot of diffi-

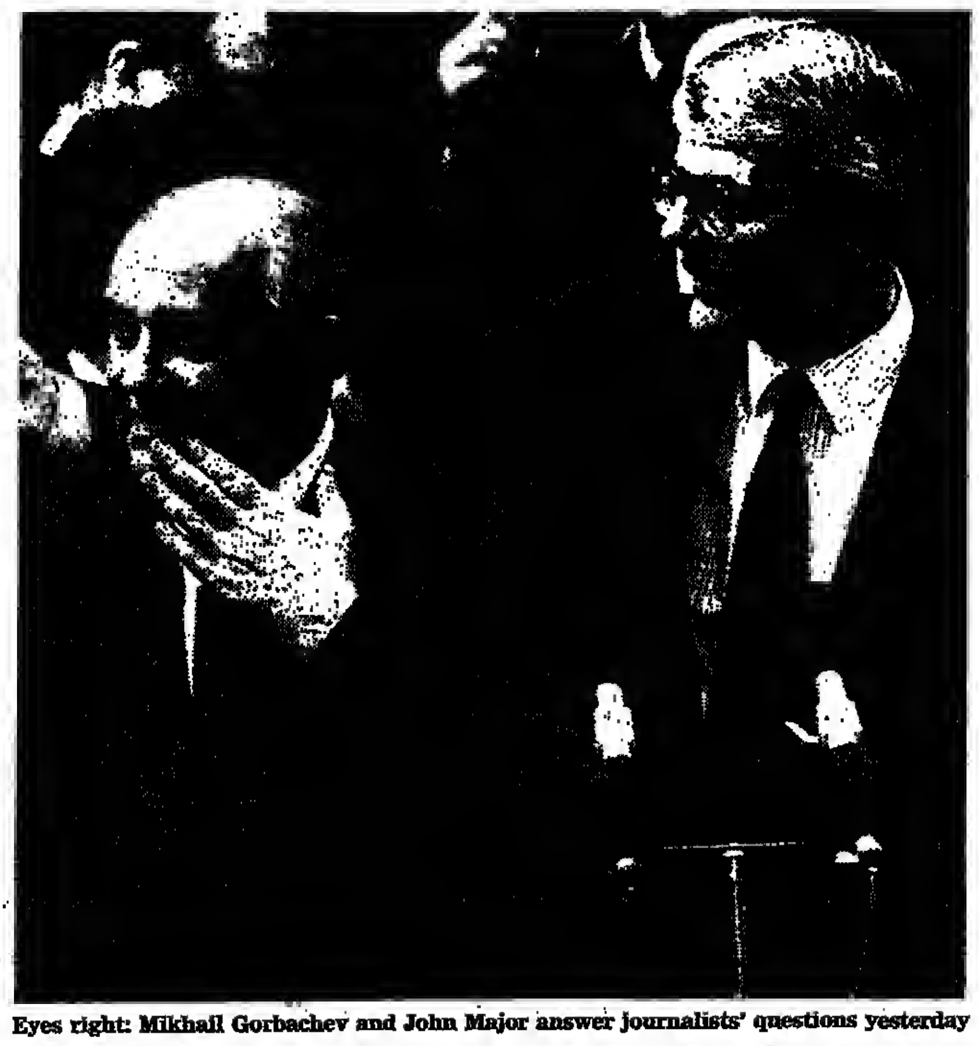
Continued on Page 14

World-wide reports, Page 14

British chancellor will visit Moscow to implement G7 pledge

UK to advise Soviet Union on economy

By Anthony Robinson and Peter Norman in London



Eyes right: Mikhail Gorbachev and John Major answer journalists' questions yesterday

THE British government yesterday took the first practical steps towards helping the Soviet Union integrate into the capitalist world economy.

After a meeting between Mr John Major, the Britisb prime minister, and Soviet president Mikhail Gorbachev yesterday, British officials announced that Mr Norman Lamont, the Britsh chancellor, would visit Moscow soon to put flesh on Wednesday's commitment by leaders of the seven leading industrial democracies to belp the Soviet Union.

Mr Major also said that the UK would increase the Know-how Fund, set up to help the Soviet Union develop a market-orientated economic system, to £50m over three years from the initial allocation of £20m for two years.

A senior UK government official said Mr Lamont would travel to Moscow, possibly this month, to initiate "a process of dialogue and co-operation" with the Soviet side.

During his visit Mr Lamont is likely to meet representatives of the republics as well as the central Soviet authorities. There were "no difficulties or any reluctance on the part of the union government" to allow such contacts, the official added.

The need for Moscow to clarify the division of powers and responsibilities between the union centre and the republics was an important issue of discussion during Mr Gorbachev's discussions with the G7 leaders.

Mr Nicholas Brady, the US treasury secretary, said yesterday the problem of power sharing was "a recurring theme". He added "the Soviets really have some things to sort out themselves before any sort of progress to fashioning a plan by the IMF or tha World Bank".

Close relations among western finance ministers are a normal part of managing the global economy.

UK officials explained thet the Soviet Union, by contrast, is in some ways an autarky in which the finance minister has a relatively lowly position.

Mr Lamont's visit will give the Soviet authorities an opportunity to learn about the methods of economic management applied in Britain.

Further evidence of the British government's commitment to providing practical help came at yesterday afternoon's plsnary talks between the Soviet and British governments at Downing Street. Accompanying tha prime minister and Mr Douglas Hurd, the foreign secretary, were Mr Lamont, ths chancellor, Mr Petsr Lilley, tha trade and industry secretary, and Mr Michael Howard, whose employment department has already been active advising eastern European governments on how to cope with unemployment rising from the transition to a market economy.

Mr Gorbachev, speaking at Downing Street, called for western curbs on high-tech exports to the Soviet Union under the Co-ordinating Committee for Multilateral Export Controls (Cocom) to be eased.

Before entering bilateral talks with his UK hosts Mr Gorbachev met Mr Giulio Andreotti, the Italian prime minister, and Mr Brian Mulroney, the Canadian premier. Mr Mulroney announced the lifting of a six-month freeze on C$150m of food credits imposed in protest against the Soviet crackdown in the Baltic republics in January.

Further G7 news, Page 4
Editorial Comment, Page 12

Cresson's Japanese jibe sparks controversy

By George Graham in Paris

MRS Edith Cresson, France's tough-talking prime minister, has again sparked off a controversy with a renewed tirade against the Japanese.

In an interview last night with ABC, the US television network, Mrs Cresson described tha Japanese as "ants" living in inhuman conditions. "We don't want to live like that... Ws want to live like human beings in the way we'va always been used to live," she said.

Mrs Cresson also described homosexuality as "different and marginal," and something which existed more in Anglo-Saxon tradition – generally understood to be a specific reference to the British – rather than in the Latin one.

This is only the latest of Mrs Cresson's remarks since taking office two months ago to have aroused hostility both inside and outside France.

In Japan, a government spokesman commented acidly that he "really hoped that men and womsn in positions of responsihility would bear in mind the impact of their declarations".

In France, Mr Pierre Méhaignerie, leader of the centrist CDS party, said the prime minister's words were "destructive acts which damage the image and interests of France". More tellingly, many of Mrs Cresson's allies in the Socialist Party hava been embarrassed by the prime minister's choice of words.

Continued on Page 14

Depletion of ozone layer over Europe 'has doubled in decade'

By John Hunt, Environment Correspondent, in London

THE OZONE layer over large parts of Europe has been depleted at a "worrying" rate in the last decade, according to a scientific report published in Britain yesterday.

A group of scientists reporting to the UK Department of the Environment and Meteorological Office said depletion of the ozone layer – which protects the earth from harmful ultra-violet rays – had increased hy 8 per cent over an area stretching from northern Britain to the south of Spain.

Dr John Pyle, chairman of the Stratospheric Ozone Review Group which published the report, said the rate of depletion has doubled in the past 10 years compared with the preceding decade.

The British figures confirm trends shown by researchers at Nasa, the US space agency, in April. They found a doubling of depletion in the mid-latitudes of the US with a lost of 5 per cent over the last decade. They were comparing figures taken in the winter, while tha British figures were taken in the spring.

Dr Pyle said: "We may well see this as the beginning of a mnch more significant ozone loss.

"It is very worrying in terms of what may happen in the northern hemisphere."

He said he would not be surprised to see an ozone loss of 15 per cent in these latitudes by the turn of the century.

The report will reinforce demands for a more rapid phase out of CFCs (chlorofluorocarbons), the main cause of ozone depletion. It also gives a strong warning about the wisdom of replacing them on a large-scale with the HCFCs (hydro-chloroflnorocarbons) being prodnced by chemical companies as substitutes.

Mr David Trippier, the UK environment minister, said last night that a rapid reduction in the production and consumption of CFCs must, more than ever, be the priority in the light of the report. The question of HCFCs as substitutes is now being examined under the Montreal Protocol, the international agreement which governs the use of CFCs.

The British report warns against large scale use of HCFCs as a substitute for the CFCs. Although they contain chlorine, the HCFCs break down quicker in the stratosphere because of the presence of a hydrogen atom. But scientists warned in the report that HCFCs could only be used in a modsst substitntion programme.

Anything else could increase chlorine above the expected levels "and sustain unprecedented levels of stratospheric chlorins for decades," the report added.

Ms Fiona Weir of Friends of the Earth, the UK environmental pressure group, said the report clearly pointed the finger at HCFCs.

The report comes at a time when concern is mounting that depletion of ths layer can cause an increase in skin cancers and retard the growth of crops.

Dr Pyle said there was no specific link at the moment to show that the increased depletion rate was causing more skin cancers or affecting crops.

Weekend FT

Tomorrow: The Hanson story – from lorry owner to billionaire lord

●

Everything you need to travel in style this summer

CONTENTS

Nicaragua's Sandinistas need to find a new way forward

The task facing the Sandinistas at their first party confarence today wiil be to move from a military-stylia political organisation to e modarn, democratic party, but leader Daniel Ortega continues to espouse revolutionary tactics
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MARKETS

STERLING
New York lunchtime:
$1.6655
London:
$1.6675 (1.6525)
DM2.9525 (2.9575)
FFr10.0225 (10.035)
SFr2.56 (2.5675)
Y228 (226)
£ index 90.7 (90.5)

GOLD
New York: Comex Aug
$370.9 (370.5)
London:
$369.55 (368.95)

N SEA OIL (Argus)
Brent Sep
$20.075 (+0.15)

Chief price changes yesterday: Page 18

DOLLAR
New York lunchtime:
DM1.77315
FFr6.017
SFr1.539
Y137.2
London:
DM1.771 (1.789)
FFr6.01 (6.0725)
SFr1.535 (1.5535)
Y136.8 (136.75)
$ index 67.2 (67.5)
Tokyo close: 136.92

US LUNCHTIME RATES
Fed Funds: 5¾ %
3-mo Treasury Bills: 5.754%
Long Bond: $96\frac{1}{32}$
yield: 8.479%

STOCK INDICES
FT-SE 100:
2547.3 (-13.7)
FT Ordinary:
1969(-9.6)
FT-A All-Share:
1,214.62 (-0.4)
New York:
DJ Ind. Av.
3,008.94 (+30.18)
S&P Comp
384.12 (+2.94)
Tokyo: Nikkei
22,908.71 (-151.99)

LONDON MONEY
3-month interbank:
$11\frac{1}{32}$ ($11\frac{1}{32}$)
Liffe long gilt future:
Sep$92\frac{1}{4}$ (Sep $92\frac{1}{16}$)

OECD forecasts sharp rise in unemployment

By George Graham in Paris and John Gapper in London

INDUSTRIALISED nations must not sacrifice their long-term labour market reforms in the fece of a short-term rise in unemployment, the Organisation for Economic Co-operation and Development (OECD) warned yesterday.

The OECD said unemployment in its 24 member countries dropped to 6.2 per cent last year, the lowest level for ten years. This year, however, 3.5m more people are expected to become unemployed, taking the jobless rate to 7 per cent.

"The current employment situation in many countries is preoccupying," aaid Mr Tom Alexander, director of manpower and social affairs at the OECD secretariat in Paris yesterday.

"It is not unnatural that governments will seek to respond with various types of short term measures, hut it is important to maintain the basic thrust of long term policies," he said.

The OECD warns that special measures to deal with unemployment such as job creation schemes or marginal employment subsidies must be designed to avoid creating dead-end, low productivity jobs, or suhsidising jobs that would have been created anyway.

In its annual Employment Outlook, the OECD forecasts a rise in unemployment in almost all its member countries. In North America, the unemployment rate is expected to climb from 5.8 per cent in 1990 to 7 per cent this year before falling back to 6.7 per cent in 1992.

In Europe, an 8.0 per cent unemployment rate in 1990 is expected to climh to 8.7 per cent this year and to 9.0 per cent in 1992. Only the Benelux countries, western Germany, Norway, Portugal and Spain are likely to escape this rise, although Spain will still have the highest unemployment in the OECD.

Rapid increases in unemployment over the past year have been concentrated in countries like Australia, Canada, Finland, Sweden, the UK and the US where unemployment rates had previously fallen considerably, the OECD says.

Despite rising unemployment, many countries still face shortages of skilled lahour in specific sectors. Mr Alexander warned, therefore, that it was essential to maintain efforts to improve training and, in particular, to equip young people with the akills which will enable them to adapt to future work changes.

Since the number of young people coming onto the labour market is diminishing, training must also be extended to adults, who face the brunt of the pressure to adjust.

"The 'vintage' approach to renewing human capital – relying on equipping only the dwindling numbers of young people with the skills required for the new jobs and new technology – is no longer the answer," the OECD report says.

An analysis of training in OECD companies finds two patterns. In countries with atrong apprentice systems such as Germany, training is concentrated on the young; in others, it rises gradually until workers are aged between 30 and 44.

Large companies tend to spend a higher proportion of their wage bill on training and train a higher proportion of their employees. Workers with higher levels of educational attainment are more likely to receive training.

The report says the downturn in economic activity has mostly affected employment in industry and construction, traditionally the first to suffer from recession. Services, however, suffered much more severe job losses than in previous recessions, except in Sweden and in the US, where job gains in health services offset other losses.

The OECD study includes analyses of labour markets in east European countries which have emerged from communist rule, and in the rapidly expanding economies of south-east Asia, including Singapore, Thailand and Malaysia.

It says the marked fall in output over the past year in central and eastern Europe led to severe joh losses. The number of hours worked in industry in Romania in the first nine months of 1990 fell 13 per cent on the previous year.

In Czechoslovakia, Hungary and Poland, the fall in state sector employment was partially offset by a rise in the private sector. In Poland, private sector employment rose by 500,000 while the number of state jobs fell 1.6m.

The atudy says the dynamic Asian economies enter the 1990s with considerable pressures on their labour market created hy labour and skill shortages as they try to switch production to high-skill industries.

Overall, labour participation rates have risen in all the Asian economies, with significant increases for women because of changing social attitudes. However, there has been a fall in youth employment with more young people remaining in education.

The study argues that these economies will need to address the difficulty that women tend to leave the labour force permanently as soon as they have children. It says more flexibility will be needed in working-time arrangements.

Another chapter finds that unionisation of the workforce across the OECD dropped significantly in the 1980s after rising in the previous decade. Some 5m union members were lost from a total of 92m at the start of the decade.

There is now a wide variety of union density – the proportion of the workforce belonging to a union – across the OECD. Density is lowest in the US, France and Spain, where it has fallen to between 12 and 16 per cent, and highest in Sweden at 85.3 per cent.

OECD Employment Outlook, OECD Publications, 2, rue André Pascal, 75775 Paris Cedex 16, France. FFr200; or HMSO, PO Box 276, London SW8 5DT, £26.

Unemployment in the OECD*

	1980-88	1989	1990	1991	1992
North America	7.7	5.5	5.8	7.0	6.7
Japan	2.5	2.3	2.1	2.2	2.3
Western Europe	7.9	6.8	6.3	7.1	7.6
Southern Europe	11.8	12.0	11.3	11.7	11.7
Nordic countries	4.4	4.3	4.4	5.4	5.7
Australia	7.7	6.1	6.9	9.9	9.9
New Zealand	4.1	7.1	7.9	9.3	10.0
Total OECD	7.5	6.4	6.2	7.1	7.1

*Per cent of labour force

EC jobless rate heads for four-year high

By Andrew Hill in Brussels

CELEBRATION of the opening of the single European market in 1993 could be marred by the highest EC unemployment rate for four years, according to figures published by the European Commission.

Unemployment in the Community is projected to rise from 1990's average of 8.3 per cent – or 12m *people* – to 8.7 per cent by the end of this year, and as mnch as 9.2 per cent by the end of 1992, deadline for the lowering of barriers in the EC. That will be the highest since 1988, when nearly 14m people were out of work in the Community, or 9.7 per cent of the labour force.

Ms Vasso Papandreou, the employment commissioner, said yesterday *that the report showed* that in the 12 member states only 60 per cent of people of working age were employed, compared with over 70 per cent in the US, Japan and the rest of Europe.

Skill shortages are identified as a growing problem across the Community. Measures to improve the labour flexibility, mohility and training were needed.

Fiat closer to stake in Soviet car-maker

By Leyla Boulton in Moscow

FIAT appears to have made headway in talks in Moscow this week on buying a stake of at least 30 per cent in tbe Soviet Union's biggest car-maker.

It emerged yesterday that Fiat had hired Morgan Grenfell to assess the value of VAZ, which produces the Lada car (known as Zhiguli in the Soviet Union).

Evaluation is one of the biggest prohlems confronting any potential foreign investor in Soviet industry. The Soviet side has engaged Bear Stearns, the US investment bank, as the two sides continue exploratory talks which resuma next week wben a Soviet delegation travels to Italy.

The Italian vehicle maker on Wednesday brought the Russian government into talks started with the Soviet authorities earlier this year on taking a staka in the enterprise. The 30 per cent minimum is dictated by the tax benefits which accrue to investors at that level of participation.

Talking to both the central and repnblican authorities is crucial at a time when the country's largest republic is increasingly seeking to assert its control over centrally-run factories on its territory.

The central and Russian governments even have rival privatisation lawa, making it unclear who will have the final say on how the enterprise is taken out of state hands.

Tha Soviet and Rnssian autborities have tentatively agreed to work together to determine the future of VAZ, which could become the first Soviet industrial enterprise to attract foreign capital in the form of a direct equity holding.

Fiat is also believed to be seeking significant management rights even though it would not hold a majority stake.

The Italian group, which set up VAZ's main plant at Togliattigrad more than 20 years ago, would produce through the new joint stock company 300,000 vehicles a year known as the A-93 from a new family of Uno models.

It is not yet clear whether the uew production facility, which would be separate from the rest of VAZ's operations, will be set up on a greenfield site or at Togliattigrad.

Tha talks – which both sides say are still at the stage of a feasibility study – do not include the suspended, and possibly already dead, Yelabuga project. This foresaw the construction of a plant prodncing 900,000 A-93 cars a year at the town of Yelabuga, 1,000km south-east of Moscow. But this has run into financial difficulties on the Soviet side, prompting the switch to exploring a direct VAZ stake for Fiat.

While Fiat denies baving dropped the Yelabuga project altogether, the Soviet media are reporting alternative scenarios, including the site's possible takeover by the giant KAMAZ truck works, which is situated next door, and is also seeking a foreign partner.

● The Ukraine has begun enforcing a decree banning the export of grain and livestock from the republic except where deliveries have been agreed with central Soviet authorities or other repnblics, Chrystia Freeland reports from Kiev.

The southern republic has begun setting up ad hoc customs controls, manned so far by around 500 policemen, to enforce the decree. This is seen in a first step towards creating an independent customs service. The Soviet government has condemned similar customs posts aet up by other repnblics, sucb as Lithuania, as illegal.

Croatia sets up war cabinet as fears grow

By Laura Silber in Balgrade, Judy Dempsey in London and Quentin Peel in Bonn

MR Franjo Tudjman, the president of the breakaway Yugoslav republic of Croatia, has created a war cabinet amid fears of an attack by the federal army and armed right-wing Serbs.

The nine-strong war cabinet will be headed by Mr Josip Manolic, the outgoing prime minister. He will be replaced as premier by Mr Franjo Greguric, deputy prime minister.

The Croatian government is increasingly alarmed at repeated attacks hy Serbian nationalists in the villages in Slavonia, eastern Croatia, where at least 30 Croat policemen have been killed by Croatia's Serbs since June 25, when Croatia and Slovenia declared independence.

Mr Sime Djordan, Croatia's defence minister, earlier this week said the Serbian-backed army intended to bomh the republic's Catholic churches.

However, the federal defence minister yesterday accused Slovenia and Croatia of violating the Brioni Declaration of July 7, and the orders of the presidency from July 4 and 12, which call for the two western repuhlics to stop obstructing the army.

Mr Tudjman was invited to Bonn yesterday, where he held talks with German chancellor Helmut Kohl and Mr Hans-Dietrich Genscher, foreign minister.

In his 90-minute meeting with Mr Tudjman, Mr Kohl repeated Germany's desire to promote a peaceful, political settlement in Yugoslavia, and said that any threat or use of military force must be ruled out. Meanwhile a senior federal minister said Yugoslavia faced acute food shortages, a rise in unemployment and a continuing fall in industrial production.

The bleak picture painted by Mr Veselin Vukotica, responsible for privatisation in the federal government, coincided with the publication of gloomy economic statistics for the first half of the year.

Industrial production fell a further 17 per cent, compared with a fall of 23 per cent for the whola of 1990. In June alone, ontput was 16.1 per cent down on a year ago.

Referring to the leaders of the six republics, Mr Vukotica said: "The people who are insisting on keeping the economy off tbe agenda do so because they harbour the illusion that it does not matter if the economy is in a crisis so long as there is relative peace. They forget there is no peace when there are shortages."

The republics of Slovenia and Croatia have been particularly affected by the economic crisis.

The Slovene government yesterday claimed that GDP had fallen 16 per cent because of the destruction following the federal army's occupation of the republic last month.

European Community and Japan pledge to improve relations

By David Buchan in The Hague

THE leaders of Japan and the EC yesterday pledged to put their relations on a new and more elevated level.

The long-term importance of the joint EC-Japan declaration issued in The Hague is that each side now recognises the other's importance on the world'a political stage, as well as in trade. The idea of the declaration stemmed from Japan's desire to match the transatlantic declaration that Brussels and Washington agreed last year.

However, Mr Toshiki Kaifu, the Japanese prime minister, stonewalled on the vexed question of Japanese car exports to the EC.

Ha responded to repeated questioning hy referring to further discussions in the coming days with the EC to solve "mntual difficulties" on transitional arrangements limiting the rise in Japaneae car exports over the next few years.

By contrast, Mr Ruud Lubbers, the Dutch prime minister and current president of the EC council of ministers, said he was "rather optimistic" about the car import issue "which we have to solve as soon as possible".

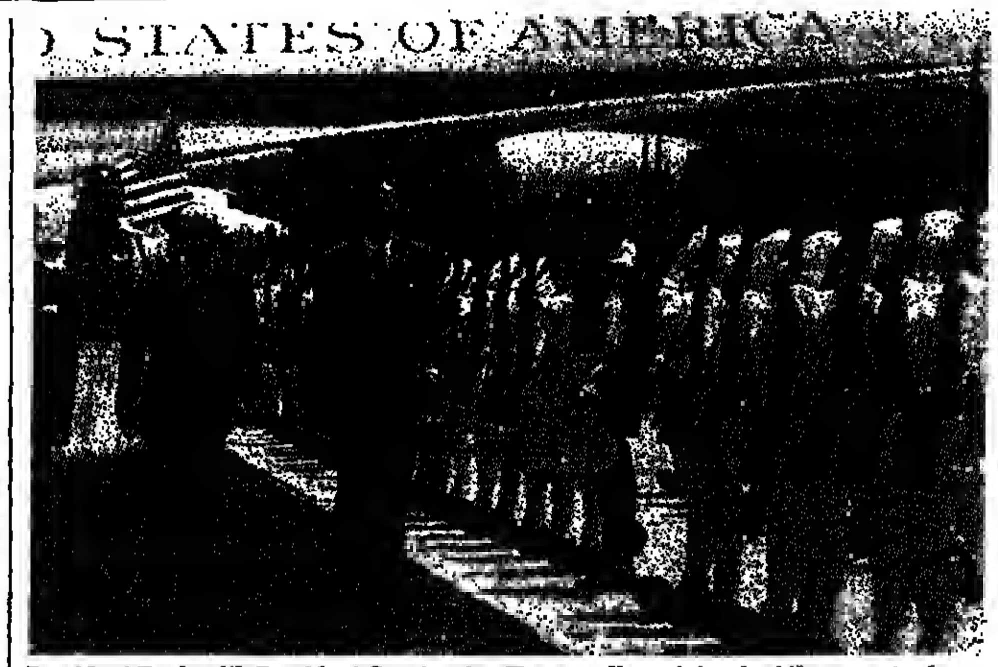
After yesterday'a EC-Japanese summit, the first of the annual meetings envisaged in the joint declaration, Mr Kaifu will go to Brussels today for what Mr Jacques Delors, the commission president, yesterday termed "follow-up talks".

Publication of the long-planned declaration hung in the balance until the last moment yesterday, when France dropped its insistence that reference to EC-Japanese trade include the word "balanced" at a time when the EC'a deficit with Jepan is growing sharply again.

The key economic phrase in the declaration called for the EC and Japan to have "equitahle access to their respective markets and to remove obstacles, whether structural or other, impeding the expansion of trade, on the basis of comparahle opportunities". Tokyo regarded this formula, proposed by Brussels, as acceptably liberal, without France's connotation of managed bilateral commerce.

Mr Kaifu resolutely dodged questions about the generally tough attitude to Japan taken by prime minister Edith Cresson of France.

But Mr Lubbers said the contacts that he and Mr Delors had with Paris "give me the feeling that we [the EC] will be able to work in a united way" towards Japan.



President Bush with President Constantine Karamanlis arriving in Athens yesterday

Bush urges reconciliation between Greece and Turkey

By Kerin Hope in Athens

PRESIDENT George Busb yesterday called for a reconciliation between Greece and Turkey, at the start of a his two-day official visit to Greece.

Mr Bush, the first US president to visit Athens in more than 30 years, also pledged to do his ntmost to help Greece and Turkey solve the Cyprus prohlem "within the year".

He told a special session of the Greek parliament that "in a new era of accommodation" internationally, fresh ideas were needed to hring stability to the Balkans and the Aegean Sea region, where rivalries between Greece and Turkey have threatened in the past to erupt into open hostilities.

However, both US and Greek officials have stressed that Mr Bush, who is due to travel on to Ankara from Athens, did not bring specific US proposals almed at spnrring a breakthrough on Cyprus.

in the Greek view, direct US pressure on Turkey is still the most likely way to end Turkish Cypriot intransigence over reuniting the island.

But the US position is that the Greek and Turkish Cypriots must togetber work out a solution under United Nations auspices, with tbe backing of the Atbens and Ankara governments.

Recent discussions, held separately between UN officials and tha leaders of the island's two communities, have focused on bow much territory should be controlled hy the Turkish Cypriot minority in a future two-zone confederation on Cyprus.

This would determina how many Greek Cypriots would be able to return to their homes. Thousands of Greek Cypriots fled from northern Cyprus in 1974, as Turkish troops invaded in response to a Greek-led coup on the island.

However, the Tnrkish Cypriot leadership so far appears reluctant to make the territorial concessious demanded hy the Greek Cypriots as a basis for a settlement.

Tension between Greece and Turkey ahowed little sign of easing in the run-np to Mr Bush'a visit.

Mr Constantine Mitsotakis, the Greek prime minister, took an initiative last week, proposing that the heavily guarded border zones between Greece, Turkay and Bulgaria should be demilitarised.

But the Turkish side pointed ont tbat this kind of confidence-building measure would be unworkable so long as Greece continued to station substantial numbers of troops on Aegean islands close to the Turkish coast.

● The US State Department said yesterday that terrorists might seek to target American interests while President Bush visited Greece and Turkey, Reuter reports from Washington.

A Turkish urban guerrilla group threatened to attack Mr Bush during his visit to Ankara and Istanbul.

The Anatolian news agency quoted Dev-Sol (Revolutionary Left) European spokesman Celik Malkoc as saying the group was considering "punishing" Mr Bush.

Dev-Sol claimed more than 20 bomh attacks on western targets and the murder of two Americans in Turkey during the Gulf crisis.

Turkisb police killed 10 militants from the extreme left-wing group and captured 12 in raids on Istanbul apartments a week ago. They killed two more in an Ankara shoot-out last Sunday.

Bérégovoy hopes for interest rate fall

By William Dawkins in Paris

MR Pierre Bérégovoy, the French Finance Minister, said yesterday he hoped a fall in interest rates would accompany the drop in Frencb inflation.

His comment follows the announcement that French inflation reached 3.3 per cent over the year to last month, falling below the German rate – 3.5 per cent over the same period – for the first time in 18 years.

"The fact that our inflation rate is the lowest of the G7 countries and the European Community will be taken into account by the markets, whicb will give us useful indications on the correct procedure," said Mr Bérégovoy.

Analysts greeted his remarks, in an interview with the newspaper La Tribune de l'Expansion, as an attempt to test the likely impact of a drop in borrowing costs on tbe value of the franc. The Bank of France last dropped its intervention rate – its most important money market rate – in March, by a quarter of a percentage point to 9 per cent.

In recent weeks, the franc has risen far enough above its permitted floor in the European Monetary System to give scope for another quarter point cut at the most, said Mr Robin Hubbard, chief economist for Paribas capital markets group in London.

● The French state statistics agency, Insée, said yesterday that industrial production fell by 0.5 per cent from April to May. This is partly due to the high number of May pnblic holidaya, though companies have also encouraged staff to take more time off to help slim prodnctiou in line with flagging demand, said Insée.

Tha economic slowdown had little impact on French companies' investments last year.

Former GDR chief accused of fraud

MR Günter Mittag, the former chief economic planner of communist East Germany, was yesterday charged with fraudulently enriching himself and others by DM1.24m (£420,000) while the self-appointed, honorary member of the state Academy of Architecture, writes Leslie Colitt in Berlin.

The former long-standing Secretary of the ruling Politburo was responsible for creating the huge, inefficient industrial Kombinate in the early 1970s. His lawyer said Mr Mittag, a diabetic, was too ill to stand trial.

A multi-purpose deal 'for Europe'

Patrick Blum on the benefits of Ford and VW's Portuguese venture

WHEN Ford and Volkswagen thought of a name for their new joint venture in Portugal, Auto-Europa seemed to reflect best the European character of a project described by Mr Lindsey Halstead, chairman of Ford Europe, as "a partnership between Ford, VW, the Portuguese government and the European Community".

It was unfortunate that a small Portuguese company was already registered under that name so an alternative will have to be found. But this was a small disappointment easily offset by the positive outcome of more than a year of difficult negotiations, punctuated by domestic and international controversy over government and EC aid for the MPV (multi-purpose vehicle) project.

At the signing ceremony on Monday, Mr Fernando Faria de Oliveira, Portugal's minister for trade and tourism, admitted it had not been easy to both meet Ford's and VW's demands and to defend Portuguese interests. This had to be done by securing the greatest possible opportunities for Portuguese companies in the project, ensuring maximum technology transfer, and constructing a sustainable package of financial support.

In the end, the Portuguese government was justifiably pleased to have secured the $2.8bn investment in the face of strong competition inside and outside the Community, including several sites in eastern Europe.

It is the largest-ever single foreign investment in Portugal and, officials hope, will stimnlate modernisation, encourage more investment and the creation of new companies, as well as help to raise quality standards of domestic manufacturing.

Its effect on Portuguese industry will be like that of "a turbo engine" accelerating the speed of development, Mr Faria de Oliveira said.

The 200,000 sq m plant, to be built on a green field site in Palmela, near Setubal, south of Lisbon, will employ 4,700 workers, and create indirectly up to another 10,000 jobs in the area, once an unemployment black spot.

The investment will have other beneficial effects. Mr Daniel Goeudevert, VW board member, estimates that about 98 per cent of the plant's revenues will come from exports leading to a net exchange balance (the difference between imports of parts and materials and exports of vehicles) of about DM12bn (£4bn) for the period 1994-2001.

Brussels was willing to provide vital aid for the project on condition the joint venture did not infringe EC rules on fair competition, and thet subsidies remained within strict EC guidelines.

After refinements and clarifications, the Commission was satisfied with a Portuguese financial aid package including Esc89.1bn (£350m) in cash grants, 70 per cent of which will come from EC funds with the remaining 30 per cent provided by Portugal, and fiscal incentives of around Esc8bn. Additional help for training will be available, but this is considered separately from the basic aid package.

The Commission also dismissed a last-minnte complaint hy Matra, producer of the Renault Espace family vehicle, with which the new vehicles will compete. Matra argued the EC's aid for the project could create unfair competition and it has asked the European Court of Justice to overturn the package of EC aid and Portuguese tax exemptions for the project.

If it wins, Ford and VW could be made to return the cash, but the court could take up to two years to decide, during whicb time the project can go ahead unchanged.

The choice of Portugal for the project has a wider significance, stressed by Mr Goeudevert. "We have invested billions of D-Marks in (eastern) Germany and Czechoslovakia, but that does not mean that in the future VW is exclusively going to invest in that part of Europe. We have to balance our investments between eastern, central and southern Europe. What is good for Czechoslovakia, Germany or Portugal is good for the wbole of Europe."

MPV success is the engine for project

By John Griffiths

IF THE predictions of Ford design engineers prove correct, the Setubal-based MPV (multi-purpose vehicle) project is one of the most important either Ford or its partner, Volkswagen, has undertaken in recent years.

By the time the joint-venture MPVs are in full flow from the Setubal lines in 1996, western Europe is expected to have a minimum production capacity for such vehicles of at least half a million a year.

Setubal will have the capacity to build 180,000 units. Matra, the French aerospace and industrial group which pioneered tha MPV concept in Europe with the vehicle sold as the Renault Espace, expects in have doubled Espace capacity to around 120,000 units by then.

Chrysler, the true founder of the MPV with its Voyager model launched in the US in 1983, has signed an agreement with the Austrian government and Steyr-Daimler-Puch, the Austrian automotive and engineering company, under which production of a "Europeanised" Voyager will begin later this year at Eurostar, a joint-venture company based in Graz.

The Sch4.33bn (£225m) project provides for an eventual capacity to produce 100,000-125,000 vehicles a year.

Meanwhile Volvo and Renault have indicated that their collaboration is likely to include new MPV projects, and European manufacturers specialising in the executive car sector are also taking a close interest. Mercedes-Benz of West Germany has been developing one MPV, code-named F100.

Last year Chrysler sold more than 366,000 Voyagers and similar Dodge Caravans in the US. Ford sold nearly 180,000 rival Aerostars, while sales of General Motors' Chevrolet Lumina and Astra, Pontiac Trans Sport and Oldsmobile Silhouette equivalents totalled nearly 250,000.

MPVa now account for more than 10 per cent of the total US car market. A similar percentage in Europe would involve the annual production of more than 1.2m units.

However, the fledgling European industry faces increasingly fierce competition from Japanese products, notably the Nissan Prairie, Mitsubishi Space Wagon and the Toyota Previa. Toyota alone sold more than 9,000 MPVa in Europe last year.

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AMERICAN NEWS

US companies' ozone-friendly claims 'false'

By Nikki Tait in New York

FOUR consumer prodncts companies have been accused of false advertising in labelling certain aerosol products as "ozone friendly".

The charges were made by Mr Mark Green, New York City Consumer Affairs Commissioner, at a Federal Trade Commission hearing in Washington into misleading "green" advertising claims.

The commissioner claimed the companies violated the city'e coneumer protection laws, and has ordered them to negotiate settlements or face civil lawsuits.

The companies have until the end of the month to respond the charges. However, one of the companies involved – Gillette – said yesterday it had already started to change its packaging, although it still maintained that the old form of package and previous claims were not misleading.

The companies and products involved include Revlon's Flex heirspray, S.C. Johnson's Glade air freshener, Procter & Gamble's Sure and Secret anti-perspirant, and Gillette's Right Guard deodorant. The commissioner argued that these products release hydrocarbons and quarrelled with claims that they were environmentally benign because they contained no chlorofluorocarbons (CFCs).

Gillette, however, defended its "Ozone-friendly – no CFCs" label. It did, however, start to amend this to "contains no CFCs" last autumn. The company said that introduction of the new labels inevitably took time, bnt that newly-labelled products should be on the eupermarket shelves fairly soon.

The debate over "green" claims comes at a time when consumer product lahelling generally is under sharp scrutiny in the US. The Food and Drug Administration, for example, has heen moving against what it considers misleading health claims made hy food companies.

Cash-strapped US states turn to prevention

The growing mismatch between spending and revenue is forcing several of the newly-elected governors to consider some far-reaching reappraisals of programmes, writes Peter Riddell

THE acute fiscal crisis facing US state and local governments is forcing several of the uew governors elected last November to consider far-reaching reappraisals of programmes. Conventional ideas of what government should be doing in health care, education and prisons are being challenged.

The old cliché ahout the states being the "laboratories of democracy" is being revived as much hy necessity as choice – eepecially as the political stalemate in Washington between the Republican White House and the Democrat-controlled Congress has prevented many federal domestic initiatives. The Reagan and Bush administrations have shifted more of the responsibility, and the financial burden, on to the 50 states.

The immediate pressure is financial – especially as, unlike the federal government, the states are legally obliged to run balanced budgets (with only limited leeway). Their current problems arise only partly because of the recession though they have suffered from being dependent on sales taxes, which are eepecially sensitive to downturn.

More significant is a growing mismatch hetween spending and revenue. Spending on joint federal/state programmes such as Medicaid health provision for the poor is sky-rocketing as a result of hroader mandated requirements and eoaring health costs. Education spending is heing pushed up by an expansion in the echool-age population.

Chiles: sees no choice

Widespread public demands for tougher sentences on violent criminals and the cocaine-related crime wave have boosted prison populations.

The response to growing deficits has been a mixture of lay-offs of staff, all-round squeezes on programmes and attempts to broaden the tax base. But most interesting have been the attempts by a number of governors, botb Democrat and Repuhlican, to launch more fundamental changes.

Republican Pete Wilson in California and Democrat Lawton Chiles in Florida (both former senators) have talked in almost identical terms of shifting the balance of social programmes towards prevention.

In his inaugural speech last January, Mr Wilson talked of the need to move from reaction and remedy to anticipation and prevention. As a first step, payments under the programme of aid to families with dependent children have been cut and some of the money has been used for targeted programmes for food stamps, pre-natal health care and pre-school services. This reverses the trend of the past 20 years, under which it has been believed to be more efficient to give specific cash grants than to set up service programmes.

Critics argue that some of this is gimmickry. California political analyst Bill Bradley has argued that the cuts in welfare are far larger than the increases in early child development and nntrition programmes.

Wilson: shift from remedy

But prevention is undoubtedly the current fashion. In Illinois, new Republican Governor Jim Edgar talks of "trying particularly to help those programmes that will prevent problems down the road, like early childhood education".

Moreover, even more radical reappraisals are likely to be needed, in particular in health assistance and prisons policy. In Florida, Governor Chiles has argued for both a break-up of the state's centralised bureaucracy, with a shift of responsihility downwards, and a change in its role. He sees no choice, hecause tha Medicaid hudget has donhled in two years. Doctors' fees and hospital costs have to be reined back, hut he talks of getting in on the front end in cheaper neo-natal care.

The state legislature has approved his plan for a preventive approach involving expanded access to pre- and post-natal care.

If Florida abaudoned its early release programme, whereby inmates serve only a third of sentences, the current total of 43,000 prisoners would rise threefold hy the end of the decade. Mr Chiles is pushing for more alternative and community-hased punishments, such as local work camps and drug treatment facilities.

The eame problems also apply at a city level, where cities such as New York and Philadelphia are in the throes of chronic hudgetary crises, forcing cuts in services and growing pressures to contract out services to save money. Food services and large construction projects are entirely contracted out, and janitorial services, waste collection and huilding maintanance have been privatised to a large extent in many cities.

At a state level, private companies have been brought in to manage prisons, roads, parks, commuter railways and hospitals.

Privatisation has gone furthest in the south and west, where unions are weakest, but is being resisted in some north-eastern cities, notahly New York, where puhlic-sector unions remain strong and fiscal problems are acute.

Trade deficit widens

By Michael Prowse in Washington

A FALL in exports of capital goods led to a modest widening of the US trade deficit in May, the Commerce Department reported yesterday. However, recent trends remain encouraging.

The seasonally-adjusted deficit increased to \$4.6bn (£2.8bn), compared with \$4.5bn in April. Exports fell hy 0.8 per cent to \$35.3bn, more than offsetting a 0.5 per cent fall in imports to \$39.9bn.

Exports of capital goods fell by \$800m but half the decline reflected lower sales of aircraft, which move erratically on a monthly basis. A sharp rise in oil imports to \$4.6bn, compared with \$4bu in April, may have reflected higher demand associated with economic recovery.

The trade deficit has risen for two months running, having hit an eight-year low of \$4.1hn in March. Many analysts expect monthly deficits to widen as resumed growth stimulates imports and the stronger dollar curbs exports.

Howevcr, in the three months to May, exports were 3.5 per cent higher than in previons quarter and more than 7 per cent higher than in the same period last year.

Democrats renew presidential quest

By Lionel Barber in Washington

THE Democratic party is still searching for a heavyweight presidential candidate after Congressman Richard Gephardt's announcement that he will not run for the White House in 1992.

Mr Gephardt'e decision opens up opportunities for lesser-known Democrats such as Senator Tom Harkin and Senator Jay Rockefeller. But President Bush's popularity remains a formidable deterrent to better-known aspirants such as Senator Al Gore or Governor Mario Cuomo of New York.

Democratic party leaders had hoped that a strong candidate would emerge this summer to challenge Mr Bush. The idea was to launch an attack ou his record ou domestic issues such as education, health care and competitiveness, arguing that he has devoted too mnch energy to foreign affairs.

However, Mr Gephardt, a seven-term Congressman from Missouri and currently House Majority leader, has decided he stands more chance of winning in 1996 when President Bush, if re-elected uext year, would have to stand down.

Democrate seem he to waiting for Mr Bush to succumb to a scandal such as the rumhling Iran-Contra affair or the administration's cosy relations with Iraq before the Gulf war, rather than mount a broad attack on his record.

More narrowly, Senator Rockefeller is pushing health care reform, Senator Harkin, is also striking the theme of domestic neglect and Governor Bill Clinton of Arkansas has a good track record on education. But with 16 months to go to the election, the only declared runner is former Senator Paul Tsongas of Massachusetts.

Sandinistas strive to avert rupture at first congress

By Tim Coone in Managua

THIRTY years ago this month, three idealistic young Nicaraguans sat together in the Honduran capital Tegucigalpa, and founded a revolutionary movement, the Sandinista National Liberation Front (FSLN).

Today, exactly 12 years after their ragged guerrilla army swept to power in Nicaragua ending 43 years of dictatorial rule, the FSLN is finally holding its first party congress. It will he a \$350,000, three-day affair being held in a luxury conference centre in the capital, Managua, with 580 alected delegates from all over the country.

Since the distant days of the early 1960s, tha FSLN has become one of the most powerful left-wing parties on the Latin American continent.

Observers at the congress include Latin American leaders such as Joaquin Villalobos, the principal guerrilla leader of El Salvador's FMLN, Luis Ignacio de Silva ("Lula") the leader of the powerful PT in Brazil, and Venecio Cerezo, the leader of the Guatemalan Christian Democrat party. Their presence is indicative of the importance attached to the outcome of the congress.

The task facing the FSLN is to avoid a rupture in making the step from a military-style political organisation run on the lines of Leninist-inspired democratic centralism to becoming a modern democratic party. In practice, the self-appointed leadership has permitted little internal democracy until now.

However, the collapse of communist rule in eastern Europe and the FSLN's electoral defeat in 1990 seriously disrupted the party's finances, and weakened the leadership and their ideological cohesion.

Two clear tendencies have emerged which may clash this weekend. One is a moderate, social democrat-leaning tendency, which feels it is moving broadly in step with the changes taking place elsewhere in the world. The other continues to espouse revolutionary tactics and strategies which could be summarised as "anything goes" including ignoring the constitution (which the Sandinistas wrote) if the situation demands. In congress jargon, this will be discussed as "the method of struggle".

Mr Daniel Ortega, ex-president and party leader, has thrown his hat in with the latter. In e recent interview he bemoaned that his opponents outside the party "see in the constitution the opportunity to achieve what they failed to do with weapons".

To dissenters within the party he said: "Those that think that capitalism and imperialism are now the right way can sign up in one of the other 23 parties."

However, it is the crisis over party finance has perhaps created the most serious moral and political dilemma.

The head of one FSLN-run radio station commented: 'Two factions? I have calculated at least 13'

Unwilling to compromise with the Socialist International, the social democrat international alliance, and no longer able to rely on support from eastern Europe, the party leadership chose to secure the FSLN's own financial base by dipping their hands into the public purse and helping themselves.

In the final months of the FSLN government, large quantities of land, farms, houses, businesses, vehicles, even office typewriters, passed from the hands of the state to party militants. It is still nnclear to what extent this was done for personal benefit, or specifically to finance the party hureaucracy.

In private, many FSLN members are deeply concerned over the effect that the "pinata" as it has been referred to locally, has had on the FSLN's image and its moral authority to speak in the name of the poor. However, few appear willing to break ranks and wash the party's dirty linen in public.

In the lead-up to the congress there have been vitriolic exchanges in the Sandinista-run media. The questiou is whether the congress can prevent them from leading to an eventual rupture of the party. As the head of one FSLN-run radio station commented: "Two factions? I have calculated at least 13."

THE LONDON SUMMIT

Ready for the kick-off ... British and Soviet teams face across the cabinet table at Number 10 yesterday

Tony Andrews

Western officials wonder how best to 'offer help and advice' to Soviet Union

G7 deals institutions a blank card

By John Lloyd

BOTH President Mikhail Gorbachev and the Group of Seven industrialised coontries termed their joint agreement, unveiled on Wednesday, as historic – for their own public relations reasons. Bnt there are two groups whose reaction will be less euphoric. These are the people of the Soviet Union and the world economic institutions, which must now under the terms of the agreement, "offer help and advice".

In committing itself to assist the integration of the Soviet Union into the world economy, the G7 has been carefully vague on details. It has not said that the International Monetary Fund and the World Bank (the leading institutions involved) should work out a reform plan with the Soviets.

Instead, it stressed merely that technical assistance should be intensified within a "special association", between the Soviet Union and these institutions, which has itself not been defined.

What then are they now to do? One plan, mooted hy British officials, is that Mr Michel Camdessus, IMF managing director, should take personal charge of the western side of the "special association", and organise the joint work between his own and Soviet experts on specific projects. This would release the Fund from the constraints it now has, – and against which Mr Camdessus has chafed – and allow it to grasp fully the problem of executing Soviet reform, under Soviet direction.

The "special association" may be a way which the G7 has chosen to indicate that it wishes the Soviet Union to proceed to full membership as soon as possible. But until that is granted, the Fund can dishurse no funds. If money is required quickly – and the plunging production in the Soviet economy points to a need for emergency funds soon – the governments of the G7, or the enlarged Group of 24, will have to give government-to-government loans, perhaps geared to an IMF programme which the IMF itself cannot fund.

Professor Stanley Fischer, former chief economist to the World Bank and one of the authors of the "Window of Opportunity" plan for the Soviet Union, said yesterday: "I hope that the Fund and the Bank will be able to go into the Soviet Union quickly and do an outline programme in two months, and get it moving."

In committing themselves to assist the integration of the Soviet Union into the world economy, the G7 nations have been carefully vague about details

It is clear that, sooner or later, the subject of financial assistance must be mooted. Mr John Major, the British prime minister, said that rouble convertibility had been discussed, but aid for this in the form of a stabilisation fund was not raised. "Financial assistance is a long way ahead," he said.

Rouble convertibility cannot sensibly be effected until a macroeconomic stabilisation programme, and an attack on the hurgeoning hudget deficit, is under way. Thus such a fund, which would put the largest call on western aid, is indeed some time distant.

But Mr Gorbachev must live through the months until a fund becomes possible – and must live through it unaided. On his return, he will face huge scepticism. At the core of his prohlems is not so much the modest scale of what he can offer his people, hnt the massive loss of power which preceded his visit to London.

In agreeing with the republics that there need be no federal tax, in not enforcing bank regulations which would give the central bank some authority, and in leaving vague the division of responsibilities between republics and union, he has given away most of the instruments which a central state needs to make it a state.

The calculation thus being made by the economic institutions is one which is much less favourable to the president than the public declarations of the G7. They are wondering privately whether there will be a union government in the medium term with which to do business.

Both G7 and the institutions are looking for a union treaty to hring coherence where none now exists. Bnt the present balance of power suggests they may wait in vain.

Mr Gorbachev will soon have to face two different sets of critics with the same analysis. The first are the government ministers and the deputies in the Union parliament, both of whom think he has given away far too much power and has rendered their positions impossible. The second are the leaders of the republics, who think the same thing and in varying degrees welcome it – or at least mnst now make what shifts they can within the new situation.

Below them both are the Soviet people, who may have thought that Mr Gorbachev would come back with relief for their hard lives hnt will quickly grasp that he has,in the short term, merely agreed a "historical landmark" which will allow foreign experts to look, yet again, at their crumbling economy.

Learning to speak in market language

By Peter Norman, *Economics Correspondent*

PRESIDENT Mikhail Gorhachev's visit to London will mark the start of a crash course in the ways of the market economy for the Soviet Union's officials and people.

The talks on Wednesday between the Soviet president and the leaders of the Group of Seven summit countries, and between the G7 finance ministers and senior Soviet officials, convinced westerners present that the Soviet anthorities are serious in wanting to adopt the west's economic ways but have a great deal to learn.

"You get the impression that these people do believe the words that they are uttering," said Mr Nicholas Brady, the US Treasury secretary, yesterday. "The prohlem is that with a society going back hundreds of years that has not had a commercial base, it is difficult for them to translate some of the thoughts they believe in into practical terms."

The differences in understanding became apparent in Wednesday's talks between the Soviet delegations and the G7. "When we hit a difficult problem, the Soviets would tend to come up with non-market solutions," a British official said. When discussing shortages, for example, Soviet officials would suggest rationing rather than improving the supply side of the economy.

The G7 countries hope that the Soviet Union's "special association" with the International Monetary Fund will overcome such mental blockages. According to Mr Brady, it could "jump start" the process of moving from the command to the market economy.

However, he acknowledged that it would take time for Soviet officials to adjust to the often arcane vocahulary of institutions such as the IMF and World Bank.

Developing a common understanding was crucial to the Soviet Union securing investment from ahroad. Another key issue was that the Soviet Union should sort out the division of competence between the centre and the republics.

The US Treasury was currently experiencing prohlems in negotiating an investment and tax treaty with the Soviet Union because of such uncertainty, Mr Brady said. The Chevron group was having problems with an oil deal in Kazakhstan because it did not know whom to pay taxes to or how to repatriate funds.

However, Mr Brady was optimistic that the Soviet Union would master the gulf of economic understanding with the west in the same way that its negotiators mastered the terminology of arms reduction.

"When you get to these kinds of discussions with them, they say: 'What's our alternative. We have no choice. There's no turning back. We've made the commitment'."

'Doing business' with Gorbachev enters new phase

By Anthony Robinson, East Europe Editor

BEFORE "glasnost" transformed the Soviet press and "new thinking" opened new doors for Soviet diplomacy, the UK was nsually depicted in Soviet political cartoons as a mangy lion with a ragged Union Jack on its tail.

The beast made increasingly infrequent appearances as the Thatcher era progressed, and virtually disappeared after the lion successfully hared its fangs over the Falkland Islands. Then Mrs Margaret Thatcher talent-spotted Mikhail Gorbachev as "a man we can do business with". A special relationship was forged which lasted until an astonished Soviet people heard that the icon of popular capitalism had been removed.

That relationship still lingers, as Mr Gorbachev will make clear today when he calls on the "Iron Lady", after his meeting with Mr Neil Kinnock. Bnt this week, the concept of "doing husiness" with President Gorbachev and the Soviet Union has taken on a qualitatively different significance with the meeting between the heads of the seven most powerful industrial countries and the beleaguered head of the disintegrating Soviet state.

After Mr John Major, the British prime minister, hade farewell to his other G7 guests yesterday he turned his attention back to Mr Gorbachev and to UK-Soviet relations.

The G7 leaders' decision to call on the international financial institutions to provide technical assistance to build np market institutions reflects on a larger scale the existing UK approach symbolised hy the "know-how" fund. This was set up last year to help eastern Europe and the Soviet Union acquire skills in a broad field of interconnecting service industries vital to contemporary market economies. The £20m originally allocated for projects in the Soviet Union has been increased to £40m.

On the trade front, UK exports, which fell from £682m in 1989 to £606m last year, have dropped sharply this year. This is partly due to the overall 37 per cent contraction in Soviet imports from the west, but also to the decision of the Export Credit Guarantee Department (ECGD) in February to suspend cover on medium- and long-term trade credits pending what was originally hilled as "a routine review".

CANADA made a goodwill gesture to Mr Gorbachev yesterday by ending a six-month freeze on food credits, Renter reports. The aid worth C$150m (£79m) was stopped after a Soviet crackdown in the Baltic republics in January.

"Canada does not recognise the Soviet position on the Baltics, hnt we've received constructive undertakings," said prime minister Brian Mulroney. He also announced a programme of assistance in energy, farming and the environment.

UK figures for the first five months of this year show that UK exports to the Soviet union slumped to £140m from £354m in the same period last year. Imports, mainly petroleum products and raw materials, were virtually unchanged at £319m.

The suspension of ECGD cover followed a sharp rise in payment arrears, even to companies which had been trading with the Soviet Union for decades.

During his visit to Moscow earlier this year, Mr Major raised the question of non-payment for many exports not covered by guarantees from the Vneshekonombank, the foreign trading bank.

He has ordered a through review of the credit situation and ECGD policies.

Earlier this week Mr Vladimir Shcherbakov, the first deputy prime minister, said that British companies had lost potential orders worth £1.5bn to German, Italian, French and Japanese competitors in recent years, through what he called their excessive caution.

British companies are attached to the simple, old-fashioned idea that goods and services delivered should be paid for. This partly reflects the apparently greater reluctance of the UK Treasury to foot the ultimate cost of unpaid bills than its Italian or German equivalents.

But prompt payment is one of the key "rules of the game" which Mr Gorbachev and the Soviet Union have now promised to abide by.

UK-SOVIET TRADE (£m)

	UK exports 1989	UK exports 1990	UK imports 1989	UK imports 1990
Food and live animals	149.1	154.8	17.9	17.0
Beverages and tobacco	2.9	4.2		
Raw materials, except fuels	13.0	10.4	189.1	188.9
Fuels and lubricants	3.0	6.2	406.5	514.3
Chemicals & related products	148.0	116.3	43.4	25.5
Semi-manufactured goods	65.4	38.8	61.4	85.4
Machinery & transport equip	215.3	213.9	74.2	54.9
Manufactured goods	82.3	60.0	17.8	30.1
All other goods	2.5	1.5	3.3	1.5
Total	681.8	606.0	833.4	917.7

Source: Moscow Narodny Bank

Muscovites take it all calmly

By Leyla Boulton in Moscow

MUSCOVITES reacted yesterday with a mixture of indifference, relief and "I told you so" to news that President Mikhail Gorbachev had failed to get cash handouts from the Group of Seven.

"Thank God people on the other side of the border continue to act rationally," said Mr Konstantin Borovoy, head of a union of Soviet-style commodity exchanges. He reflected widespread fears among the country's emerging entrepreneurs that the Communist government headed hy Mr Gorbachev would simply sqnander any large-seale financial assistance.

For the man on the street, the fact that Mr Gorbachev walked away empty-handed was no bad thing, either, with most saying that Russians should rely on themselves first and foremost.

"Whether or not we receive help, let Russians work to get out of this crisis themselves," said Ms Nina Kisilyova, a 60-year-old pensioner. "We have been in worse situations and we will overcome this as well."

Many favoured the "hlack hole" theory. "As long as the country remains in the mess it is now, money will just disappear," said Mr Nikolai Kondaurov, a factory worker.

Mr Valentin Pavlov, the Soviet prime minister, said that for him western advice and evaluations "were not the highest criteria" in drawing up economic reform.

Dunkel talks up prospects for Gatt

By David Buchan in The Hague and William Dullforce in Geneva

MR ARTHUR DUNKEL, director-general of the General Agreement on Tariffs and Trade (Gatt), yesterday gave an up-beat assessment of the summit's impact on the stalled Uruguay Round trade talks.

Speaking in The Hague, he interpreted Mr John Major's suggestion that a special G7 summit might be called on Gatt this autumn, if the talks looked like failing again, as a sign that world leaders really intended to "keep a close eye" on the trade negotiations. He was sure the British premier did not intend to "let the pressure off the negotiators", who otherwise might think that all could be left to the seven heads of government.

Mr Dunkel said he read signs of "clear movement" into the G7 communiqué, because key leaders were ready to signal a transatlantic trade-off in cutting tariffs and talk of a proper framework for farm trade reform – the principal obstacle to completion of the round.

In Geneva, however, the response of Uruguay Round negotiators yesterday was weighted with scepticism, while they welcomed the personal commitment hy the G7 leaders to conclude the talks successfully hy the end of 1991.

Mr Major's special summit suggestion was seized on by Tran Van Thinh, head of the EC delegation to Gatt. He said it was "the ouly sensible thing to come out of the summit hecause, compared with the language of the communiqué which reiterated traditional positions, it gave a convincing signal of commitment".

However, one veteran trade diplomat said: "The politicians are clearly still out of touch with the actual state of the negotiations here." Others stressed that the communiqué gave no hint of a new approach to the deadlock over reform of world farm trade.

In part, negotiators' scepticism is based on experience of political leaders' failure to translate statements of intent into clear negotiating instructions. It stems, also, from the fact that, as one diplomat said, "99 per cent of the passage on the round in the communiqué was taken straight from the text prepared in advance."

Most negotiators accept that nothing will happen in Geneva before September. Then, one suggested, the following scenario was likely:

In spite of the proposals for reform of the common agricultural policy tabled last week, the European Commission will be unable to produce a new EC farm offer in the Gatt talks.

For domestic political reasons the US administration cannot be the first to change its position. The Cairns Group of 14 farm-exporting nations has disqualified itself as mediator by its pre-summit communiqué in which it posed conditions for a farm accord that are totally unacceptable to the EC.

It will then be up to Mr Dunkel to trigger last-chance negotiations by putting forward his formula for the reform of world farm trade.

Tokyo Big Four face compensations probe

By Robert Thomson in Tokyo

INVESTIGATORS from Japan's Ministry of Finance yesterday inspected records at the four leading securities houses, Nomura, Daiwa, Nikko and Yamaichi, as part of a hunt for further information about the brokers' compensation of favoured clients for trading losses.

A special team of 44 ministry officials has been assembled for the investigation, including eight inspectors from the banking bureau, which has traditionally been a rival within the ministry to the securities bureau.

The four companies have admitted to compensating 229 clients for a total of Y126.8bn (£566m) in trading losses up to March 1990, and the investigators are looking for evidence that the brokers had promised to compensate clients and for signs that compensation has continued since March last year. It is a breach of the Securities and Exchange Law for brokers to guarantee to compensate before a transaction, bnt the four bouses have argued that trading losses were reimbursed on their initiative.

However, the ministry had told companies not to compensate clients and it maintains it was unaware until recently that this guidance had been ignored.

All four houses were penalised with a four-day suspension of trading in their corporate divisions, while the presidents of Nomura and Nikko resigned after admitting that their affiliates had provided funds to a gangster group.

Meanwhile, the ruling Liberal Democratic party said that executives at the four houses would not be called before a parliamentary finance committee next week to explain their behaviour.

Oppositions parties had demanded that Mr Setsuya Tabuchi, the Nomura chairman, answer the committee's questions, and Mr Tabuchi hinted that he would identify some of the 229 compensated clients.

The LDP has decided that only Finance Ministry officials will be required to appear before the committee.

Opposition MPs claimed the ruling party feared that brokers' executives could embarrass its corporate supporters and that LDP officials could also be implicated in the scandal.

A union representing workers in the securities industry, the National Federation of Securities Workers' Union, yesterday sent letters to the Finance Ministry and the Japan Securities Dealers' Association. The letters urged them to make public all information related to the loss compensation scandal.

Riot police block the march of about 6,000 demonstrators protesting over oil prices near Manila's presidential palace yesterday

Protest by 400,000 in Madagascar capital

AN ESTIMATED 400,000 people demonstrated in Madagascar's capital yesterday to back calls for President Didier Ratsiraka to step down in favour of an opposition leader, Reuter reports from Antananarivo.

A coalition of opposition groups was expected to name members of an alternative government under retired General Jean Rakotoharison, chosen by the opposition as the country's new "president" on Tuesday.

Demonstrators in Antananarivo jeered opposition leaders for agreeing to call for a partial end to a general strike which has paralysed government offices and hit transport and other services in the capital. Most civil servants remain on strike.

The ruling Malagasy coalition denied that President Ratsiraka, in power since 1975, had lost control of the Indian Ocean island. It declared the alternative government illegal.

President Ratsiraka, a former radical naval officer who has liberalised both the economy and political system in recent years, has been accused of rigging 1989 elections which gained him a third seven-year term in office.

Companies named in secrets case

A CONTROVERSY over the alleged theft and sale of industrial secrets from Komatsu, Japan's leading construction equipment maker, widened yesterday when police indicated that about 14 Japanese heavy equipment makers were in possession of the Komatsu material, Robert Thomson reports.

Police arrested a 51-year-old man on Tuesday on suspicion of illegally entering Komatsu premises and the alleged theft of sensitive product and pricing information. Officials at a rival fork-lift company, Toyo Umpanki, have been questioned abont how they obtained secret information about Komatsu and their relationship to the arrested man.

It is alleged the man received at least Y10m (£45,000) for the information, but it is unclear whether one or all 14 companies implicated paid him for information. Officials at Toyo Umpanki have admitted they knew him and received material from him, but say they were unaware of illegal activities.

Several leading equipment makers, including Mitsubishi Heavy Industries, said yesterday there would be internal investigations to verify whether information about Komatsu had been received and how it been obtained.

Kuwait fears a flight of capital

KUWAIT'S central bank, fearing a flight of capital out of the country, has urged depositors not to dump dinars for dollars after restrictions on cash withdrawals are lifted on August 3, Reuter reports from Kuwait City.

The bank's governor, Sheikh Salem Abdul-Aziz al-Sabah, said yesterday that the government was committed to defending the dinar against leading foreign currencies.

"The monetary policy pursued is a balanced policy aimed at preserving the value of the dinar against other curreocies," be said in a statement published in al-Watan newspaper. Economists predict the lifting of restrictions could prompt a stampede for dollars. They say the central bank will have to support the banks to stop them collapsing under the weight of withdrawals.

The governor advised residents not to rush to buy foreign currencies as there was no risk of a dinar devaluation.

Baker in new Mideast talks

MR James Baker, US secretary of state, met President Hafez al-Assad in Damascus yesterday as Syria called for international pressure to bring Israel to peace talks with its Arab foes, Reuter reports.

Conscious that his Middle East peace initiative was now at a crucial stage, Mr Baker and his aides would neither brief reporters on his aircraft from London nor speak to journalists in Damascus.

Mr Baker's fifth mission to the region since the end of the Gulf war was prompted by Syria's unexpected acceptance last Sunday of US compromise proposals on arrangements for a Middle East peace conference.

But Mr Baker, who will go on to Egypt, Jordan, Saudi Arabia and Israel, said earlier in the week that he still faced many hurdles. Chief among them will be persuading Mr Yitzhak Shamir, Israel's hardline prime minister, to accept the US compromise he abruptly rejected last month.

Syria's move has also put Mr Baker under new pressure to secure Israeli coocessions or face the charge that the US still applies a double standard – going to war to drive Iraq from Kuwait while tolerating Israel's 24-year occupation of the West Bank, the Gaza Strip and the Golan Heights in Syria.

President Assad's key compromise was to accept that a United Nations observer to a peace conference would not have speaking rights. He had earlier insisted on a significant UN role. He also agreed that the conference would not be reconvened unless all the parties agreed.

Mr Shamir still wants the conference to be a purely ceremonial one-day event tbat could not be reconvened and rejects even a silent UN presence because of what he sees as the world body's ingrained anti-Israel bias.

Mr Baker said tbat Mr Assad's letter to President George Bush accepting the two points also contained numerous other proposals and he oeeded to know if these constituted new conditions for participation in the conference.

● An Israeli judge said yesterday the riot on Jerusalem's Temple Mount last October which culminated in the fatal shooting of 17 Palestinians was sparked by the accidental discharge of a police teargas canister, oot by Arab demonstrators as an earlier government-appointed inquiry had ruled, writes Hugh Carnegy in Jerusalem.

Judge Ezra Kama, conducting a statutory judicial inquiry into the incident, bore out accounts by Palestinian witnesses at the time that rioting began after a police teargas canister had landed close to a group of Arab women on the sacred mount, or Haram as-Sharif, as Moslems call it. Judge Kama said the canister fell accidentally and rolled towards the women.

The earlier official inquiry, condemned as a whitewash by Palestinians, said the incident began when Arab demonstrators threw stones at Jewish worshippers at the Western, or Wailing, Wall beneath the mount. That occured only after the teargas grenade fell and most worshippers had already left the area, Judge Kama said.

Lebanese groups issue warning over hostages

A Lebanese group which holds two American hostages warned yesterday of "drastic consequences" unless two Lebanese Shia Moslems jailed in Germany were treated well and freed, Reuter reports from Beirut.

In a statement accompanied by a new photograph of American, Mr Terry Anderson, Islamic Jihad said that if Germany followed American and "Jewish" policies it would only suffer heavy losses.

The group said Mohammad and Abbas Ali Hamadi were snbject to assassination attempts and psychological and physical torture in Germany, where they were jailed for hijacking and kidnapping.

Sri Lanka battle in ninth day

GOVERNMENT troops fought hand-to-hand battles with Tamil separatist guerrillas struggling to capture a strategic army camp in northern Sri Lanka, military sources said yesterday, Reuter reports from Colombo.

About 200 rebels and 19 soldiers were killed in fighting on Wednesday about 5km from Elephant Pass where the camp is under rebel siege, they said.

"In the hand-to-hand fights our men killed some of the terrorists with the butts of their guns," said an army officer who returned from the front to a base camp on Wednesday night. No independent confirmation of the figures, or of the nature of the fighting, was available.

Elephant Pass links Jaffna peninsula, a rebel stronghold, to the rest of Sri Lanka.

The Liberation Tigers of Tamil Eelam, trying to set up a homeland for minority Tamils in the north and east, began assaulting the camp and its 800 defenders on July 10.

Both sides have since brought in reinforcements. Rebel radio transmissions described the battle at Elephant Pass as the biggest since the Tigers began fighting for a separate state eight years ago.

The state-run news agency Lankapuvath quoted official sources as saying on Wednesday that 35 women rebel fighters were among those killed.

Wednesday's fighting raised the estimated death toll to 650 rebels and 60 soldiers in and around Elephant Pass in the past eight days, military sources said.

About 2,000 soldiers backed by air cover landed by sea on a beach at Chundikulam, about 12 km east of the camp last Sunday in an attempt to break the siege.

World Bank and IMF agree to help end India's crisis

By KK Sharma in New Delhi

THE International Monetary Fund and other international agencies and bilateral donors are to provide immediate joint assistance to help India overcome its balance of payments crisis.

India is struggling with a $71bn foreign debt, with its treasury depleted of foreign exchange and bankers abroad refusing to extend credit.

Mr Michel Camdessus, managing director of the IMF, apparently heartened by recent economic policy reforms, said in Washington that he has asked the executive board to give an immediate loan of $220m from the compensatory and contingency finance facility (CCFF). The loan is expected to be approved on Monday. India has already drawn $1bn from the CCFF.

The World Bank is expected to chip in with another $150m for a fast disbursement scheme, to which Japan will add $100m for a project to stop flaring of natural gas in the rich Bombay High offshore oilfield.

With something like $500m expected to flow in through these sources in the next week or 10 days, India should be able to meet its international repayment obligations in the coming weeks.

This suggests that the almost frantic efforts made in the past few months to prevent India from being declared a defaulter are likely to succeed, although the position will remain delicate until a larger long-term IMF loan is made available after a little over two months.

Preliminary talks on this have already been held and will be resumed after the government presents its annual budget next Wednesday. This should clear the way for substantive talks on a standby credit from the IMF.

Mr Camdessus, in an interview published in the Times of India yesterday, said further IMF assistance was likely to take the form of a standby arrangement over three years. The drawing nnder the standby arrangement could amount to 2bn special drawing rights, or about $2.5bn.

If all goes well, the loan might be finalised by the end of September or early October.

Meanwhile, India is continuing its own efforts to raise funds, including the shipment of gold from its reserves to the Bank of England as collateral for raising loans. After some Indian newspapers reported yesterday that more gold had been shipped to London, the Reserve Bank issued a statement confirming that it had sent a total quantity of 46.9 tonnes to London in four shipments.

This is the maximum permitted under the Reserve Bank of India Act for holding part of India's gold reserves abroad.

The government hopes to be able to raise about $450m against the gold. The Reserve Bank announced yesterday that India's foreign exchange reserves stood at Rs 26.95bn on July 17, or roughly $1bn at the rate of the rupee after it was devalued last week.

The Bank said that with the inflow of aid receipts, export proceeds and deposits from non-resident Indians, "all debt service and other obligations will be fully met".

Mandela seeks to bury socialist legacy

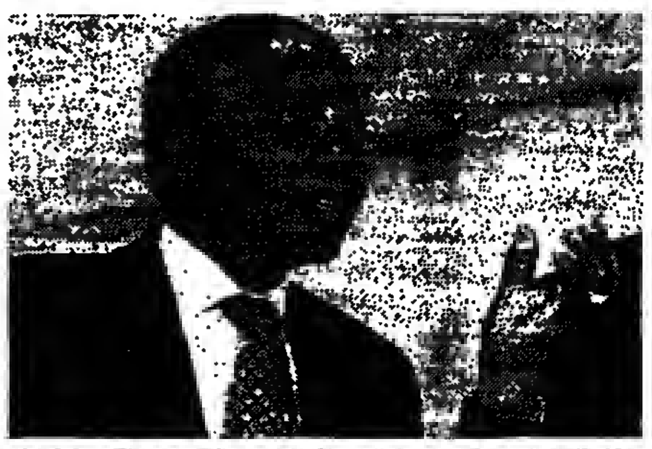
By Patti Waldmeir in Johannesburg

MR Nelson Mandela, president of the African National Congress (ANC), has said that a future ANC government would not follow a socialist policy, and would split from the South African Communist party (SACP) when the current government leaves office.

Speaking in an interview published in yesterday's Star newspaper, Mr Mandela softened the confrontational tone he has adopted in many recent speeches. He indicated the ANC would be ready to compromise on important issues such as minority representation in government, and the issue of nationalisation.

Mr Mandela suggested the ANC might be conciliatory on the issue of remaining obstacles to the start of talks on South Africa's political future – the release of political prisoners, return of exiles and an end to political *trials* – but he stressed that violence remained a main stumbling block.

The 2,000 deaths of the past year had seriously eroded the atmosphere of trust built up between himself and the President, Mr FW de Klerk. The so-called all-party conference, which would effectively begin constitutional talke, was unlikely to begin this year, he said.



Mandela: alliance with communists was to overthrow apartheid

On the controversial issue of the ANC's alliance with the Communist party Mr Mandela spoke out strongly in its defence and made clear that Mr Joe Slovo, general secretary of the SACP, was one of his closest advisers.

The presence of many Communists on the ANC's newly elected national executive committee has provoked much local debate.

The ANC's recent national conference in Durban was told that this alliance was hurting ANC support in the largely conservative white, coloured and Indian communities, and among moderate blacks.

"The SACP has declared that their co-operation with us is only up to the point of the overthrow of the apartheid state. After that they take their own line ... which we will not follow. We won't follow socialism. We've got our own programme," he said.

Mr Mandela admitted that the ANC had erred in putting "too much emphasis on the question of nationalisation". But he went on to say: "It should have been sufficient for us to say: 'We think in the light of our own situation that some measure of state involvement in the building of the economy is necessary'."

In comments which would be anathema to many of this fellow ANC leaders, Mr Mandela admitted the possibility of political representation by colour in a post-apartheid South Africa.

"We have to make sure ... that the ordinary man, no matter to what population group he belongs, must look to our structures and see that I as a coloured man am represented.

"I have got Allan Boesak [a prominent coloured politician] there whom I trust. And an Indian must also be able to say: there is Kathrada [an Indian ANC leader] – I am represented. And the whites must say: there is [minister of constitutional development] Viljoen – have got representation."

The ANC would have to "consider very carefully how the principle of one person, one vote should be applied ... especially in the first few years of democratic government", Mr Mandela said.

Pakistan tones down bill to give PM more powers

Mr Nawaz Sharif, the Pakistani prime minister, has toned down a proposed constitutional amendment seeking to give him more powers to fight a crime wave, political sources said yesterday, Reuter reports from Islamabad.

The prime minister agreed at a meeting of his ruling Islamic Democratic Alliance (IDA) on Wednesday to make the amendment bill milder to appease dissenters inside and outside the IDA and ensure its passage by parliament, the sources said.

The bill has not been published, but IDA sources said previous drafts songht extraordinary powers for paramilitary forces in disturbed areas and would bar courts from challenging their action.

Sprinting 'corpse' goes on trial

A man who was paraded around as a corpse in the Cameroons port of Douala by anti-government protesters went on trial yesterday for faking death, Reuter reports from Yaounde.

Mr Abel Biyaga was arrested after 500 demonstrators bore his inanimate body through army roadblocks on Monday shouting, "You shot him". Mr Biyaga allegedly leaped from a cart and sprinted away when soldiers started firing into the air.

Asean arrival: Mr Yuri Maslyukov, the Soviet deputy prime minister, being welcomed to Kuala Lumpur yesterday by the Malaysian foreign minister, Mr Abdullah Ahmed Badawi

Changing world tests Asean's self-interest

Alexander Nicoll and Lim Siong Hoon report on moves to establish closer regional ties

FOREIGN and economic ministers of the Association of South-East Asian Nations (Asean) convene today in Kuala Lumpur, seeking to restore equilibrium to a body disturbed by changes to the world order.

Asean was established 23 years ago primarily with the aim of maintaining solidarity and neutrality between the western world and the Communist bloc. But its priorities are naturally shifting with the change in the balance of power elsewhere in the world.

Trade has become its principal concern. The ministers will discuss a Malaysian proposal, launched last December, for an East Asian Economic Grouping involving Asean and its northern neighbours.

Dr Mahathir Mohamad, the prime minister of Malaysia, saw the idea as giving a fillip to Asean, achieving greater synergy in industrial production and reducing trade barriers within the region.

It was also a response to lack of progress in the Uruguay Round of the General Agreement oo Tariffs and Trade and fears of a new bout of protectionism in the region's key export markets.

However, the proposal remains nebulous. At first, it appeared aimed at creating a free trade alliance, but Malaysia has been forced to water down the concept in the face of uncertainty among the other Asean members – Brunei, Indonesia, the Philippines, Singapore and Thailand.

The group is divided by individual national priorities and vastly contrasting levels of economic development and political systems.

Bilateral frictions have been marked in recent months by armed incursions along the Malaysian-Thai border, by the arrest of Malaysian government officials in Thailand allegedly for stealing timber, and by the establishment of a Malaysian tourist resort on a South China Sea island claimed by Indonesia. However, these are not likely to loom large in the deliberations.

The Asean ministers will seek to reach a consensus position on a new grouping. Without this, there would be no prospect of learning the attitude of Japan, whose involvement would be crucial to its success.

Tokyo's hesitancy as well as US displeasure at the idea made it necessary for Malaysia to re-present the EAEG as a consultative group contributing ideas to international trade forums.

An Asean consensus would be presented to its members' main trade partners at meetings in Kuala Lumpur starting on Monday. These are with foreign ministers of Asean's "dialogue partners", Australia, Canada, the EC, Japan, New Zealand, South Korea and the US. The US secretary of state, Mr James Baker, is due to attend.

ALSO on the Asean ministers' weekend agenda will be signs of progress towards resolntion of the Cambodian conflict. Success in the Cambodian negotiations would clear the way for foreign investment and economic development in Indochina and radically alter the picture for Asean members.

Asean's dialogue partners, particnlarly the EC, have called for its members to improve their performance on human rights and environmental protection.

Both issues – on which Indonesia and Malaysia especially resent criticism – will be discussed. But Mr Abdullah Ahmad Badawi, Malaysia's foreign minister, said: "We do not expect these issues to be difficult. Exciting, yes, hot not troubling." The EC is believed to have relaxed its insistence that expanded economic co-operation be linked to progress on these issues. Among Asean members, Malaysia appears the most anxious to move the organisation's trade orientation away from being centred on Europe and the US.

As well as proposing an EAEG, Dr Mahathir recently visited Brazil, Argentina and Chile and called for an East Asian-South American trade alignment. He has also invited the Soviet Union and China to attend the dialogue meetings for the first time.

Malaysia has questioned the purpose of another regional initiative, Asia Pacific Economic Co-operation, a US-sponsored consultative council on trade issues.

Central to Dr Mahathir's concern is the desire to provide insurance for Asean members against the erosion of their export markets by trade disputes and protectionism in the west.

However, other Asean members fear antagonising their existing industrialised trade partners on whom they depend for export markets.

The meetings may show whether Dr Mahathir's bold suggestions – viewed by some European governments principally as gestures – can win a wider hearing among his partners in the region.

Cambodia peace 'now 'in sight'

REPRESENTATIVES of the five permanent members of the United Nations Security Council said yesterday that a lasting peace for Cambodia was now in sight, but gave a warning that serious problems were blocking agreement to end 12 years of civil war, Renter reports from Beijing.

The five permanent members – the US, the Soviet Union, Britain, France and China – together with Indonesia, ended a two-day meeting on Cambodia in the Chinese capital with a joint statement expressing cautious optimism.

The four warring Cambodian factions had made significant progress toward a settlement at recent meetings in Indonesia and Thailand and at their latest round of discussions in Beijing, which ended on Wednesday, the statement said.

The UN meeting agreed to a request by the Cambodian factions to recommend a mission to Cambodia to study how the UN could monitor a ceasefire.

WORLD TRADE NEWS

South Korea sees rise in inward investment

By John Ridding in Seoul

A SURGE in new service sector projects in the first half of the year has reversed a two-year decline in direct foreign investment in Sonth Korea, according to figures released by the ministry of finance.

Overall foreign investment in the first six months rose to $483m (£292m) from $470m in the same period last year. The increase was the first since foreign investment started to decline at the beginning of 1989 in response to high increases in wages and other operating costs and industrial disputes.

The finance ministry predicted that foreign investment would continue to grow in the second half of the year because of several large projects under consideration by the government and because of the improved labour relations situation, moderating wage increases and easier investment procedures.

It forecast total annual foreign investment of about $1.2bn, compared with $803m last year.

Investment in the service sector in the first six months of this year rose sharply to $182m from $102m in the comparable period last year. The number of projects rose from 71 to 88. Trading, finance and insurance were responsible for much of the increase.

Manufacturing investment, however, continued to decline and fell from $369m in the first half of last year to $300m. The number of new projects fell from 71 to 62.

Investment from Europe saw the largest increase during the period, almost donhling to $152m. But new projects from Japan and the US, traditionally the biggest investors in South Korea, decreased.

China ready for trade agreement

CHINA confirmed yesterday that it would negotiate a trade agreement with Sonth Korea even though the two countries lack diplomatic ties, AP-DJ reports from Beijing.

The official China Daily newspaper said the China Chamber of International Commerce and ths Korea Trade Promotion Corporation would begin negotiations soon, and it bopes to sign agreements by the end of the year on both trade and investment protection.

The two semi-official organisations have representative offices in each other's capitals. South Korean government officials said last month trade talks might begin soon, but China remained silent then.

The newspaper qnoted the chairman of the Chinese group, Zheng Hongye, as saying the lack of hilateral economic agreements had restrained the development of trade and South Korean investment in China.

He said many South Korean companies had shown keen interest in China.

By the end of 1990, China had approved 82 South Korean-funded projects with a total pledged investment of $108m (£66m).

The Hyundai Group plans to send a delegation led by honorary board chairman Chung Juyung this week to meet Chinese businessmen, Zheng said.

Chinese customs says China exported goods worth $680m to South Korea last year, mainly in textiles, oil products and chemicals.

It bought goods worth $1.9bn in return, including chemical fibres, electronics and steel.

South Korea says bilateral trade is actually greater, totalling $3.8bn last year. China's trade figures often differ from those of other countries, in part because it does not count goods routed through Hong Kong.

Seoul barters with N Korea in first direct trade deal

SOUTH KOREA will ship 5,000 tonnes of rice to North Korea next week in the first direct trade between the two rivals, still technically at war after the 1950-53 Korean conflict, Reuter reports from Seoul.

The North is to supply 30,000 tonnes of anthracite and 11,000 tonnes of cement in exchange for the rice, South Korean officials said.

"Five thousand tonnes of rice will leave the southwestern port of Mokpo and head for the North Korean port of Najin, probably on July 26," said a spokesman at Samsun Shipping, which is handling the shipment. Several rounds of negotiations on the rice shipment have been heid between Sonth Korea's privately-owned Cheonji Trading Company and North Korea's Kumgansan International Trade since last March.

Indirect trade between the two Koreas totalled $25.6m (£15.5m) in 1990.

Seoul exported mainly textiles and electronic products while it bought zinc and semi-finished goods from Pyongyang.

In a further sign of growing contacts between the staunchly communist North and the capitalist south, the two sides agreed on Thursday to hold working-level discussions to prepare for next month's prime ministerial talks in Pyongyang.

South America holds its own summit

By John Barham in Buenos Aires

MINISTERS from Mercosur, the nascent South American common market, are to descend tomorrow on Montevideo, the sleepy capital of Uruguay, to bold the first of what they hope will become a regular series of mini economic summits closely modelled on the European Community's ministerial encounters.

In March, Argentina, Brazil, Paraguay and Uruguay founded Mercosur, the Southern Cone Common Market, and pledged to integrate their economies by 1995, when, in theory, there will be no barriers to internal trade. in June, the four countries signed a framework treaty with the US to encourage trade and investmeot in the region.

The eight finance and agriculture ministers and central bank governors gathering in Montevideo have plenty to discuss.

Altbough there is an ageoda, the meeting is billed above all as a chance for ministers to discuss informally the formidable challenge they have set themselves of integrating some of the world's most volatile economies.

The agenda calls for each finance minister to explain his policies and describe how his country is affected by world and regional economic systems. Then all four will try to establish joint approaches to common problems, such as inflation, foreign investment and trade.

They are also due to discuss specific *integration topics such as co-ordinating* macro-economic policy.

Unless the economies of Argentina and Brazil simultaneously converge over trade policy and inflation in particular, integration is nnlikely to be successful. Inflation in Brazil exceeds 10 per cent a month, while Argentina has reduced inflation to less than 3 per cent a month.

Agriculture officials are expected to meet separately. Talks are bound to be dominated by the vexed question of US and EC farm export subsidies.

Argentina and Uruguay depend heavily on farm exports, and like Brazil, they belong to the 14-member Cairns group of farm exporting oations hattling for a reduction in subsidies, which are at the heart of the deadlock in the Uruguay Round.

But Brazil has infuriated its partners by accepting imports of 700,000 tonnes of subsidised US wheat.

American officials have let it be known that they are discussing a new sale of subsidised wheat to Brazil.

Farm groups get taste for mixing

US, Canadian agri-business seeks out deals, writes **Bernard Simon**

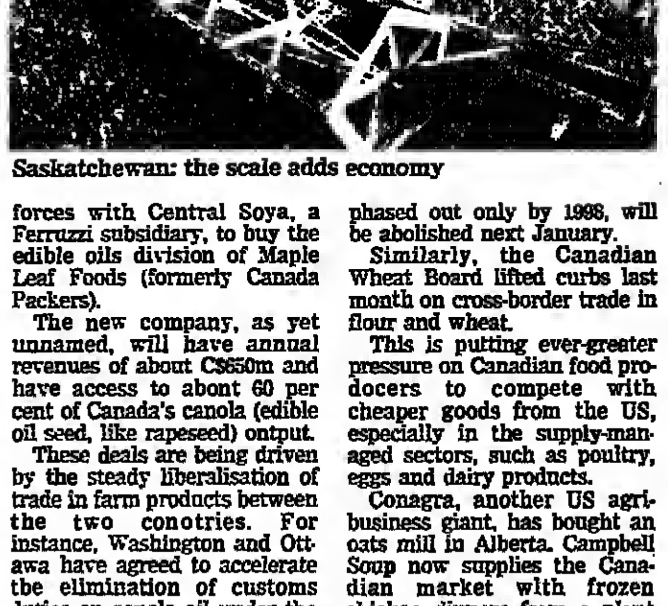
THE prospect of liberalised trade in farm products between the US and Canada is convincing some of the world's biggest agri-businesees to expand their presence north of the 49th parallel.

Archer-Daniels-Midland and Cargill of the US, Italy's Ferruzzi-Montedison end British-owned Hillsdown Holdings are among those which have made snbstantial investments in Canada in anticipation of the economies of scale which could flow from closer integration of the US and Canadian markets.

"The US and Canada are doing what the European countries did after 1961," says Mr Dick Burket, a vice-president at ADM. in less than a year, the Illinois-based company has hought a dormant canola crushing plant in Alberta, two flour mills in Ontario and Manitoba, and a controlling interest in a Canadian malting company.

At the same time, the handful of domestic companies which have dominated Canadian agri-business for the past 20 years are looking for ways of ensuring that they are not overwhelmed.

"To be a viable player, you have to have some size," says Mr Greg Arason, chief executive of Manitoba Pool Elevators, the Winnipeg-based co-operative. CSP Foods, a food processing company owned by the Manitoba and Saskatcbewan grain pools, is joining forces with Central Soya, a Ferruzzi subsidiary, to buy the edible oils division of Maple Leaf Foods (formerly Canada Packers).



Saskatchewan: the scale adds economy

The new company, as yet unnamed, will have annual revenues of about C$650m and have access to abont 60 per cent of Canada's canola (edible oil seed, like rapeseed) ontput.

These deals are being driven by the steady liberalisation of trade in farm products between the two conotries. For instance, Washington and Ottawa have agreed to accelerate tbe elimination of customs duties on canola oil under the US-Canada free trade agreement (FTA). The duty, whicb was originally dne to be phased out only by 1998, will be abolished next January.

Similarly, the Canadian Wheat Board lifted curbs last month on cross-border trade in flour and wheat.

This is putting ever-greater pressure on Canadian food prodocers to compete with cheaper goods from the US, especially in the supply-managed sectors, such as poultry, eggs and dairy products.

Conagra, another US agri-business giant, has bought an oats mill in Alberta. Campbell Soup now supplies the Canadian market with frozen chickeo dinners from a plant in Arkansas, while some soups are being shipped throughout North America from a factory in Toronto. Before the free trade agreement, these products were subject to customs duties of about 15 per cent.

The rationalisation is rausing some painful adjustments in an industry where government subsidies and other protective devices have played a role in expanding capacity. Thus, ADM and Central Soya's new investments in canola crushing are expected to lead to the closure of several mills.

The emergence of powerful business units in Canada seeking to elbow their way into the North American market as a whole has also created a policy dilemma for the Canadian government. While it welcomes the companies' ability to compete beyond Canada's borders, Ottawa is concerned at the concentration of power in the domestic market.

Last month, objections by the competition bureau led Maple Leaf Foods (in which Hillsdown acquired a 56 per cent stake last year) and John Labatt, another leading food processor, to scrap a plan to pool their flour businesses.

The authorities face similar circumstances in the new edible oils partnership between Central Soya and CSP Foods. Its decisions in cases such as these will help determine not only what role Canadian companies will have in continent-wide free trade, but also whether foreign investors continue to pursue acquisitioos and joint ventures in Canada.

ICL in Soviet computer accord

By Alan Cane in London

INTERNATIONAL Computers (ICL), the UK-based computer manufacturer in which Fujitsu of Japan has an 80 per cent stake, is collaborating with one of the Soviet Union's largest mainframe computer suppliers in an attempt to sell its advanced midrange computers throughout the Soviet Union.

It is forming a joint venture with the Kazan Manufacturing Enterprise of Computer Systems (KMECS) which is owned by the Soviet Ministry of Radio Industry. ICL has a 60 per cent shareholding, with KMECS taking the other 40 per cent. ICL's initial investment will be just under £1m.

KMECS employs about 10,000 people. It is located in Kazan, capital of the Tatar autonomous republic, east of Moscow. It manufactures "Ryad" computer systems, mainframes based on designs copied from Intsrnational Business Machines /360 and /370 mainframe ranges, now essentially obsolete. There are some 20,000 Ryad systems installed in the Soviet Union.

Tbe new company, to be called ICL-KMECS, will market and snpport ICL's DRS 6000 and DRS 3000 midrange computers conforming to "open" standards, the principal trend in modern data processing.

Mr Peter Bonfield, ICL chairman and chief executive said: "Tbe combination of ICL's expertise and advanced technology with KMECS' local strengths and excellent reputation mean that the most up-to-date systems will be available to Soviet clients."

ICL was the first western computer company to he accredited to trade in the Soviet Union when its establisbed a Moscow hrancb in 1968.

Its first joint venture in the Soviet Union, Marine Computer Systems, in which it has a 40 per cent stake, was established in 1989.

GEC-Alsthom in Iran contract

By Andrew Baxter in London

GEC ALSTHOM, the Anglo-French power engineering group, has won a contract worth more than £20m to supply 14 125MW generators to Tavanir, the Iranian generating authority.

The award continnes a steady spate of Gulf orders for European power plant manufacturers since the end of the Gulf war. GEC Alsthom is a 50-50 joint venture between Alcatel Alsthom of France and Britain's General Electric.

The generators are to be delivered between February 1992 and March 1993.

UK NEWS

Brussels warns that UK jobless may climb

By Peter Marsh in London and Andrew Hill in Brussels

A WARNING from tbe European Commission yesterday that UK unemployment is likely to climb to more than 3m next year dampened the impact of a smaller than expected rise in Britain's jobless total last month.

A report hy the Commission predicted that the proportion of the UK workforce without johs would nearly donhle between 1990 and 1992, climbing from 5.7 per cent to 10.8 per cent.

This is against a projected average unemployment rate for the European Community in 1992 of 9.2 per cent.

The report also said tbe beavy jobs losses in Britain over the past few months were largely responsihle for the recent increase in EC unemployment.

This rose from an average of 8.3 per cent during 1990 to 8.6 per cent in April.

The Commission also linked skill shortages in Britain to the relatively small proportion of young people in secondary and higher education.

The study was released as the British government announced that seasonally adjusted unemployment in the country rose by 59,700 last month to 2.3m.

The fifteenth consecutive monthly increase took the June unemployment rate to 8.1 per cent, from 7.9 per cent in May, but was lower than the figure of around 70,000 expected by analysts.

It was also tbe smallest increase since Janoary, and marked a slight slowing in the rate of growth of the johless total. In the half year to June, monthly job losses rose at en average rate of 76,500, while the comparahle figure for the six months to May was some 3,000 higher.

With other statistics, which showed sharply lower hank lending last month, and a continuing decline in manufacturing output, the unemployment figures illustrate the depressed state of the UK economy. However, they are consistent with recent economic evidence that a mnted recovery from tbe recession may take place in the second half of this year.

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ECONOMY

Fall in manufacturing output slows

By Peter Marsh, Economics Staff

HOPES that a British economic upturn may be in sight have been strengthened by a further braking in the rate of fall of manufacturing output.

While underlining that many areas of manufacturing including textiles and cars continue to be in steep decline, yesterday's figures from the Central Statistical Office (CSO) show that specific sectors such as chemicals and beavy-doty electrical equipment have been unexpectedly reailient in recent months.

In the three months to May, seasonally adjusted manufacturing output fell by 1 per cent, compared with the previous quarter.

That compared with quarter-on-quarter declines of 1.1 per cent in both April and March, 1.6 per cent in February and 2.5 per cent in January.

CSO officials estimate that the manufacturing economy is shrinking at an annnal rate of 6 per cent, while last month they put the decline at 6.5 per cent.

Factory production reached an all-time high in April last year, since when it haa declined by about 7 per cent as a result of reduced demand caused by the recession and a running down in stocks.

The rate of decline peaked around the end of last year.

In May, manufacturing output was relatively strong, and showed a decline of just 0.4 per cent on the revised figure for April.

Due to the effects of a 0.6 per cent fall in outpnt from the energy and water sectors, total industrial production – which combines manufacturing, energy and water – fell by 0.5 per cent over the month.

With energy production in recent months being held down due to safety-related maintenance on North Sea oil rigs, all production industries saw a fall in output of 0.9 per cent in the period between March and May, compared with the previous three months.

In the latest three-monthly period, cbemicals and synthetic fibres increased ootput by 1.8 per cent, thanks partly to strong demand for pharmaceuticals and a good export performance. Compared with the equivalent period last year, however, production was down 3.5 per cent.

Other sectors which performed relatively well in the March-May period were electrical investment goods such as machinery; building materials and related products; and food, drink and tobacco.

Output in these three areas increased by 1.5 per cent, 0.4 per cent and 0.1 per cent respectively.

Institutional lending increases by just £400m in June

LENDING by Britain's banks and home loans and savings institutions increased by just £400m last month following a £2.7bn increase in May and an average rise of £3.3bn over the previous six months, according to provisional, seasonally adjusted figures from the Bank of England writes Peter Norman, Economics Correspondent.

June's small rise in lending was well below City of London expectations of a £2.5hn increase and bronght to £47.4bn the growth in lending by banks and home loans and savings institntions over the past 12 months. This represented an 8.7 per cent annual growth rate, the lowest for such lending since records began in 1976.

The sharp deceleration in bank lending in the past year has reflected the government'e tight monetary policies and the recession. More recently, companies appear to have used the proceeds of recent share issues to pay off bank borrowing.

This idea was supported yesterday by the British Bankers' Association. Lord Inchyra, BBA secretary general, said that lending by the UK's nine biggest banking groups "was, at best, flat" in June after stripping out seasonal factors.

The BBA reported repayments last month by the manufacturing, energy end water supply end construction sectors, while lending for house purchase and personal consumption increased. The BBA said there was "some evidence of the proceeds of rights issues again being used to repay bank borrowing."

The Bank's provisional money supply figures showed that M0, the narrow measure of money supply that mainly consists of notes and and coin in circulation, increased by a seasonally adjusted 0.5 per cent in June to show a 2 per cent increase on the level of June last year. This was in the middle of the government's 0 to 4 per cent growth target for M0 in the current financial year.

Aviation authority seeks extra subsidies

By Paul Abrahams

BRITAIN'S Civil Aviation Authority (CAA) has asked for an additional £58m from the government to fund expansion of its air traffic control facilities.

The move follows a collapse in the CAA's expected revenues caused by the dire state of the airline industry.

The CAA also announced yesterday that to meet its commitments over the next three years it will have to impose the air traffic control charges on airlines at rates well above the rate of inflation.

The charge increases will bring further pressure on hard-pressed airlines that are coping with a deep recession in the industry. They follow the CAA's recommendation this month that BAA, formerly the British Airports Anthority, should limit increases in landing and parking charges at London airports to the rate of inflation minus 8 percentage points.

Chataway: passenger demand is accelerating rapidly

Nearly two-thirds of the authority's income comes from airlines paying navigation charges, explained Mr Christopher Chataway, the newly appointed chairman of the CAA. But growth in air traffic movements for 1991-2 is forecast at only 0.4 per cent, as opposed to 3.8 per cent in last year's corporate plan.

The CAA is nevertheless continuing its largest expansion programme evsr, estimated at £750m. In the CAA's annual report published yesterday, Mr Chataway argued that whatever the level of traffic it was not worth taking the risk of postponing the programme. The anthority invested £78.4m last year compared with £60m in 1989.

"The lessons from the past are clear," said Mr Chataway. "Passenger demand accelerates rapidly after a recession and we must not be left in the same position as the mid-1980s when the authority was not in a position to react to growth."

A programme of cuts at the CAA has been implemented, and further cost reduction measures are envisaged.

It insists, however, it must increase its staff, in particular traffic controllers and project engineers to bring the number of employees from 6,013 in 1990/1 to 8,485 by 1992/3.

● *Civil Aviation Authority Annual Report and Accounts 1990/91, available from CAA, PO Box 41, Cheltenham, Glos. £8 plus £1.75 postage.*

BRITAIN IN BRIEF

Export surge helps car output rise

Surging exports have allowed car production in the UK to continne climbing in the first half of the year, despite the 25 per cent slump in domestic sales.

But with some continental markets now also slipping, manufacturers have warned that the industry faced "serious long-term damage" in the absence of a hoost to UK demand.

So far, the latest half-per cent cut in interest rates appears to have had *little* effect.

BT to fight Oftel plans

BT, the UK telephone network, said it would go to the Monopolies and Mergers Commission rather than agree to the latest proposals for controlling the industry from Oftel, the telecommunications regulatory body.

In a speech to the company's annual meeting, Mr Iain Vallance, BT cbairman, accused Oftel of a U-turn. Earlier this month Sir Bryan all but abandoned an element of measures previonsly agreed with BT allowing it to charge competitors for access to its local network.

Schools adviser replaced

Mr Kenneth Clarke, education secretary, has underlined his determination to restore traditional metbods of testing in schools by replacing Mr Philip Halsey, the chairman of the School Examinations and Assessment Council.

Lord Griffiths, former head of Mrs Margaret Thatchsr's policy unit, succeeds as chairman of the council which is responsible for advising ministers on testing policy.

Go-ahead for Nelson field

The government has given the go-ahead for development of the £1.1bn Nelson oil and gas field in the North Sea. Contracts and orders worth £300m have already been placed for the field, 112 miles east of Aberdeen.

The project will provide up to 5,000 jobs over three years and production is due to start in early 1994. Seven companies are involved in the project – Enterprise Oil, Shell, Esso, BP, Mobil, Total and Elf.

Expansion at Japanese plant

Japanese-owned Diaplastics (UK), which started producing plastics mouldings for the consumer television market at Bridgend, Wales, four years ago is to undertake an £11.4m expansion programme. A new plant, in which production will begin during the second half of next year, will employ a further 170 workers over the next five years, taking the company's payroll to 870. Diaplastics is a joint venture between Mitsubishi Corporation, Mitsubishi Plastic Industries and Royju Kako, another Mitsubishi subsidiary.

Directors cut earnings

A third of Britain's leading companies cut the earnings of their highest-paid directors last year, according to a new-survey.

More than 20 per cent of all British industrial companies and 34 per cent of the UK's largest 50 reduced top directors' earnings, according to research into 1,300 companies by Monks Partnership, a pay consultancy firm.

Median total earnings of highest-paid directors rose 11.4 per cent in companies with financial years ending in the first quarter of 1991.

Likely site for N-store

The board of Nirex, the radioactivs waste consortium owned jointly by the power companies British Nuclear Fuels and Nuclear Electric, is expected to decide in favour of Sellafield, north west England, as the site of its first £200m repository. A Nirex meeting heard evidence favour of siting a deep repository at Sellafield following geological tests.

Prince launches new initiative

Prince Charles launched himself into the heart of the debate abont Britain's economic performance with an initiative to improve collaboration between academics and industry to promote innovation.

The initiative "partners in innovation" is designed to correct what the Prince regards as Britain's persistent failure to fully exploit its scientific inventiveness.

The Prince launched the initiative with a sharply critical assessment of Britain's recent record on innovation. The Prince was speaking to a specially invited group of more than 200 leading industrialists, researchers and academics.

MPs criticise labour scheme

The Department of Transport was criticised by an all-party committee of MPs for failing to anticipate that the abolition of the National Dock Labour Scheme, which guaranteed workers in state-owned docks a joh for life, would cost nearly six times as much as first estimated.

The House of Commons Public Accounts Committee said it "expected a better performance in future" from the department after hearing evidence that the cost of abolition had escalated to £141m from the first estimate of about £25m.

It also criticised the department for failing to establish whether the anticipated benefits of increased efficiency in the former registered ports from the abolition of restrictive working practices among dockers had occurred.

Investigation for Loch Ness

Loch Ness, Britain's largest body of fresh water, is to have its ecology, biology and hydrography investigated. The project'a organisers say that it will be the first time that the Scottish loch has been thoroughly surveyed in this way.

The investigation is not a hunt for the loch's reputed monster.

Mr Nicholas Witchell, a co-founder of the scheme which is named Project Urquhart, said: "We do not think there is a monster but there do appear to be several interesting observations that have yet to be explained."

LOCAL AUTHORITIES

Councils consider suing Bank and brokers

By Tracy Corrigan

AT A meeting in London yesterday, councils facing losses as a result of the collapse of BCCI decided to take legal advice on possible court ections for negligence against the Bank of England and money brokers.

Council officers also agreed to push for an independent public inquiry into the closure of BCCI, and the Bank of England's role. Such an inquiry should investigate the regulatory system under which BCCI operated, the powers of the auditors and the Bank of England's failure to disclose any misgivings, said Mr Gordon McCartney, secretary of the Association of District Councils (ADC), members of which make up the bulk of councils facing losses.

Thirty-five councils and public utilitiea facing losses of more than £80m attended the meeting, arranged by the ADC, the Association of Metropolitan Authorities and the Convention of Scottish Local Authorities.

Five of those councils have not yet declared the extent of their losses publicly, and Mr McCartney said he expected a few more names to be added to the list.

Officials representing the councils said the Bank of England had warned them that "not all institutions on the [authorised] list were equally creditworthy".

The councils said they would ask for help from the government but would not expect to receive preferential treatment over individual depositors.

Councillor Toby Harris, deputy chairman of the AMA, said: "Local authorities will do everything in their power to see that poll tax payers do not end np paying through the nose for the Bank of England's incompetence."

Mr McCartney added that BCCI's closure had prompted a loss of confidence in the money markets. "When funds are due for renewal, they are being withdrawn from this sector of the banking market [that is, smaller banks and building societies]," he said.

A council official from Alnwick, Northumberland, said he had moved deposits, which had matured, to the main clearing banks last week.

LOANS

Regulators knew of some problems

By Victor Mallet, Middle East Correspondent

BCCI WAS dealing with doubtful loans of about $4bn (£2.4bn) when the Bank of England and other regulators moved against it two weeks ago – but the regulators were aware of the problem and at least some of the money was recoverable, BCCI officials say.

The Bank of England does not dispute this assessment and maintains that it acted against BCCI not because of these previously-recorded bad loans, but because Price Waterhouse, the auditors, found evidence of systematic frand which hid losses throughout the bank.

BCCI officials say some of the loans to Middle Eastern entrepreneurs, to members of the Gulf's ruling families and to companies became increasingly problematic in the mid-1980s.

Some of the biggest borrowers, hoping to be let off the hook if there was a bankruptcy, slowed down such repayments as there were when they realised the bank was in trouble.

BCCI staff agree with tha Bank of England that some loans were poorly documented and badly managed, but they insist that not all the money was lost.

"There was recoverability," said one BCCI official, who said "variously rated" doubtful loans amounted to between $4bn and $5bn.

Another official said: "There was security pledged." He estimated the donbtful loans at around $4bn and said it was understood that $3.7bn of these poor-quality assets would be transferred to the two new Cayman Island companias which were to be funded by Abu Dhabi promissory notes over 7¼ years, leaving the BCCI balance sheet looking relatively healthy.

The Bank of England does not deny that it has been aware for some time of what one official called "some fairly crummy banking" involving "very substantial loan losses".

But the latest Price Waterhouse report disclosed naw information about the bad loans and suggested there were additional, hidden losses running into hundreds of millions of dollars from loans and from treasury operations, although tha full implications of the fraud will take a long time to work out.

Mike Arron

A MEETING to organise a national BCCI depositors' group and to co-ordinate efforts to obtain wider compensation for the bank's collapse flopped in Manchester yesterday, Ian Hamilton Fazey writes. Only about 120 depositors, account holders or other interested parties attended.

Mr Antony Gold, a partner in Alexander Tatham, solicitors specialising in investor protection, warned thet claims would fail unless BCCI victims showed more willingness to fight and organised themselves to achieve maximum pressure.

He told the meeting that political pressure would do more for them than the law. There was no machinery, such as an ombudsman, to investigate the Bank of England's role as BCCI's supervisor and to establish a moral argument for compensation.

Mr Gold and Mr David Pine, another Alexander Tatham partner, expressed disappointment at the attendance. They estimated that about £75,000 would be needed to run a successful pressure group, but decided not to put that to the meeting because of the poor attendance. Most who attended simply wanted more information and all registered with Alexander Tatham staff. Their names will be added to nearly 300 who have contacted the firm. Mr Gold hopes to find an acting chairman for a depositors' group from the register and to liaise with other solicitors about joining forces.

Mr Pine said many Asian depositors preferred not to take a public profile. The "nature of some of the money in BCCI" also discouraged some depositors from attending. Mr Gold said that competing meetings and other solicitors' efforts were also confusing some investors.

The letters from employees that warned Michael Howard

12 JUNE, 1990

To: Secretary for Employment
Department of Employment
London

COMPULSORY
REDUNDANCIES AT BCCI

We understand that in accordance with statutory requirements BCCI will have to notify you of the COMPULSORY REDUNDANCIES of staff which are to be affected in the United Kingdom.

We wish to bring to your attention the concern of the staff at the irregular way in which the management has conducted this operation.

If BCCI is allowed to get away with its proposed deal it will set an alarming precedent for ALL future redundancy packages in the City and will undermine the professional standing of ALL bank employees.

The regulatory anthoritiea should urgently investigate ALL the many dubious activities of The Bank of Credit and Commerce. Only then can it prevent the catastrophe which will otherwise befall the SHARE-HOLDERS, INVESTORS and EMPLOYEES of this organisation.

The following points concerning the reduudancy arrangements are brought to your attention:

A) The FIRST HINT of possible redundancies was conveyed in a memo dated 11 May 1990, addressed to ALL MEMBERS OF STAFF by an Executive of BCCI – Mr MAZHAR ABBAS.

B) The FIRST NOTIFICATION of redundancy terms was deliberately leaked to staff on 18 May 1990 sent out on plain paper headed TERMINATION TERMS unsigned by any MANAGEMENT representative.

C) Following this, another document headed AIDE MEMOIRE, once again on plain paper, was circulated to staff, setting out the terms of a VOLUNTARY REDUNDANCY offer and was signed by Mr A.J. ORRISS – UK PERSONNEL MANAGER.

D) On 22 May 1990 a follow-up memo was sent to ALL MEMBERS OF STAFF by MR MAZHAR ABBAS advising of possible redundancies and OFFICIAL NOTIFICATION OF REDUNDANCY PACKAGES to follow.

E) On 25 May 1990 an official BCC memo, headed VOLUNTARY REDUNDANCY, was issued to ALL UK STAFF by MR A.J. ORRISS stating that details contained in AIDE MEMOIRE are not to be construed as an irrevocable offer and that compulsory redundancy terms would be slightly less favourable. A closing date for voluntary redundancy applications fo 6 June 1990 was stated.

F) The terms of the redundancy offer were NEVER discussed with either staff or union representatives.

G) Not enough time has been given to the employees to fully comprehend the implication of acceptance of the VOLUNTARY REDUNDANCY OFFER which is being recommended to them by management representatives against a threat of even worse terms of COMPULSORY REDUNDANCY.

H) Under conditions of confusion the employees are being RUSHED, COERCED and BLACKMAILED into accepting a VOLUNTARY REDUNDANCY PACKAGE which is probably one of the worse the City has ever seen in the International Banking sphere.

I) The terms of the redundancy offer are barely more than the legally-permitted minimum. It takes little account of the compensatory factor for loss of livelihood or career of any employees who have given the best years of their lives and now in middle age face the prospect of permanent unemployment in a bleak financial and economic environment. It also takes no account of the compensatory factor dne for the particular difficulties ex-BCCI employees face finding new employment hecause of the tainted reputation of the bank on account of its admitted criminal associations.

J) BCC employees in the UK are being asked to pay the price for the mismanagement and international fiascos of [the worldwide group] executives who are now preparing to retreat to ABU DHABI, UAE, where their accountability for their aforementioned activities and the continuing allegations of embezzlement, corruptions and nepotism will be more easily evaded.

K) Tha BCC voluntary redundancy package requires an acceptance of that package, regardless of any improved deal which may later be negotiated coupled with the signing of an ACAS form waiving employees' legal rights against the bank.

ADHOC COMMITTEE
BCC STAFF ASSOCIATION

14 JULY 1990

TO: The Rt Hon Tony Benn MP
House of Commons
London
SW1A OAA

Dear Tony

As you know your letter of 19 June enclosing one from Mr V.G. Ambrose of 20 Cambridge Street, Northants, about the proposed redundancies at the Bank of Credit and Commerce has been passed to me for reply as my Department has responsibility or redundancy matters.

I was sorry to hear about the difficult situation Mr Ambrose is in but I am afraid that I can be of little help. Any decision to make redundancies must lie with the employer as his commercial judgement dictates. Provided that the requirements of the relevant redundancy legislation are complied with, it is not for me to intervene in management decisions.

However, in view of the comments that Mr Ambrose makes about the conduct of his employer relating both to trading activities and to redundancy arrangements I am copying this correspondence to Nicholas Ridley who may wish to comment on these points.

Michael Howard

The letter forwarded from Mr Wedgwood Benn to Mr Howard on June 19

Dear Mr Wedgwood Benn

Redundancies at The Bank of Credit & Commerce

Thank you for your interest in the above matter. The staff are extremely concerned about the irregular way the management has conducted this operation and at the very poor compensation offered.

The bank's predicament has been brought about by loan losses of US$600,000,000 for which no provision had been made in previous years, by the recent fine of US$14,000,000 imposed on it by the US courts for drug money laundering, and by the loas of US$150,000,000 in futures trading.

The apparent incompetence of the bank's executives and higher management is surpassed only by the widespread corruption and uepotism within its organisation.

I find it difficult to believe that the external auditors, Messrs Price Waterhouse, have not found it necessary to comment on the aforementioned inadequacies or in any way qualify the accounts of the bank in the past.

The regulatory authorities in the UK have long been aware of the dubious nature of the bank's operations yet no investigatory action has been taken. Surely the admission by the bank of corporate guilt for money laundering in the US and its fine of US$14,000,000 should prova sufficient grounds for action of some sort by the UK authorities?

And now, the bank and its executives are about to abandon their UK workforce with a shabby redundancy package (with implications for future City redundancy deals) and take refuge in Abu Dhabi.

The irregular way the management has conducted this operation is set out in a letter to the Secretary of State for Employment, a copy of which is appended for your perusal.

I am sure that you will agree that something must be done to safeguard the public interest and obtain a degree of accountability from all concerned. Your help in this connection is urgently requested.

V.G. de M Ambrose AIB
20 Cambridge Street
Wymington
Rushden
Northants
NN10 9LG

PARLIAMENT

Opposition queries timing of fraud report

By Ivor Owen, Parliamentary Correspondent

GOVERNMENT CLAIMS that evidence of fraud justifying the closure of BCCI only reached the Bank of England three weeks ago – on June 27 – were strongly challenged by opposition backbenchers in the Commons yesterday.

In a reference to a report in yesterday's Financial Times, Mr David Hinchliffe (Lab Wakefield) underlined the "embarrassing revelation" that Mr Michael Howard, the employment secretary, knew in June 1990 of possible embezzlement and fraud at BCCI.

Mr Hinchliffe said the Department of Trade and Industry had stated it had not received latters that Mr Howard said he had sent to it. To Labour cheers, Mr Hinchliffe called on the government to set up a full and independent inquiry "into this whole sorry affair".

Mr John MacGregor, leader of the House, deputising for Mr John Major, the prime minister, replied that a letter which Mr Howard received from BCCI staff had "primarily" expressed concern about rednndancy arrangements. He said Mr Howard had also received a copy of a covering letter which the staff association had sent to Mr Tony Benn (Lab Chesterfield).

Mr MacGregor told the House: "Mr Howard wrote to Mr Benn on these points, and, as far as I know, he did not come back to him again on that."

He was then pressed by Mr Max Madden (Lab Bradford West) to explain what Mr Nicholas Ridley, the former trade and industry secretary, did with correspondence, alleging corruption and negligence inside BCCI, forwarded to him by Mr Howard.

Mr Madden accused the government of trying to "gloss over" the background to the closure of BCCI.

Mr MacGregor insisted that there would be "no glossing over".

Mr Alex Salmond (SNP Banff and Buchan) asked what information, if any, was supplied by the Bank of England to Treasury ministers, including Mr Major when he was chancellor, on the contents of the October 1990 Price Waterhouse report indicating serious fraud at BCCI.

Mr Salmond argued that if it could be established that ministers or the regulatory authorities had knowledge of serious fraud at BCCI well before June of this year, the government would no longer be able to "wash its hands" of the financial disaster facing depositors and local authorities.

Mr MacGregor suggested that Mr Salmond had been referring to a report made by Price Waterhouse in March 1990.

He said: "The Bank has given the Treasury explicit assurances that although previous auditors' reports show evidence of poor banking standards and losses... they provided no evidence on which it could act in respect of the widespread fraud subsequently uncovered in the section 41 report."

Mr MacGregor confirmed that evidence of bad banking standards and losses had been dealt with by injections of capital from shareholders and substantial management changes.

He stressed: "It was the change of management which ultimately led to the discovery of extensive fraud which led to the section 41 investigation. That was the first tima the Bank had evidence of serious and widespread fraud on which to take action."

Mr Dale Campbell-Savours (Lab Workington) questioned whether the letters forwarded to the DTI had primarily concerned the question of redundancies.

"Is not the truth that in those letters, which came from employees of BCCI, there were allegations of fraud? And did not the writer of those letters predict that, unless the government acted, there would be a catastrophe for both investors and the people who worked there?" he asked.

Mr MacGregor said he had answered the points raised by Mr Campbell-Savours, and pointed out thet Mr Keith Vaz (Lab Leicester East) would initiate a debate on BCCI in the Commons on Monday.

HONG KONG

Call to tighten rules on banks' admittance

By John Elliott

HONG KONG is to consider tightening the application of its rules for admitting banks into the colony after the BCCI crisis, which led it on Wednesday to start putting Bank of Credit and Commerce Hong Kong (BCCHK), a 99 per cent-owned local subsidiary of BCCI Holdings (Luxembourg) SA, into liquidation.

Sir Piers Jacobs, Hong Kong's financial secretary, who retires this summer, said yesterday that the basic licensing requirements were adequate, but that discretionary powers ought to be "exercised with great care" to decide whether a bank that qualified under the requirements was either wanted or needed.

Anxious depositors had clashed violently with police the day before, and started a run on at least two other local banks with Middle East connections: International Bank of Asia and Dao Heng Bank.

The situation was calm yesterday after the government had eased the crisis on Wednesday night by injecting HK$60m (£4.7m) into the interbank market. International Bank of Asia and Dao Heng Bank said yesterday that the abnormally high rate of withdrawals had stopped, and they had not had to use credit facilities made available by the government's exchange fund.

Sir Piers made his remarks in the context of Singapore, which has refused on more than one occasion to admit BCCI.

Today the legislative council's finance committee will consider authorising the liquidator to pay depositors up to 25 per cent of their deposits.

FT LAW REPORTS

Reinsurance case must wait for French decision

OVERSEAS UNION INSURANCE LTD AND OTHERS v NEW HAMPSHIRE INSURANCE COMPANY

European Court of Justice: Judges GF Mancini, President, TF O'Higgins, CN Kakouris, FA Schockweiler and PJG Kapteyn: June 27 1991

THE COURT of a contracting state under the 1968 Jurisdiction and Judgments Convention must decline jurisdiction in a case between parties who are already litigating the same cause of action in another contracting state, irrespective of the parties' domicil. And if the jurisdiction of the court first seised is contested, the court second seised may not examine that jurisdiction, but may stay proceedings as an alternative to declining its own jurisdiction in the other court's favour.

The European Court of Justice so held when answering questions referred to it by the Court of Appeal on an appeal by the plaintiffs, Overseas Union Insurance Ltd, Deutsche Ruck UK Reinsurance Ltd and Pine Top Insurance Co Ltd, from a Commercial Court decision to stay their proceedings against New Hampshire Insurance Co, pending a French decision on the same cause of action between the same parties.

Article 21 of the Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters (Brussels, 1968) provides: "Where proceedings involving the same cause of action and between the same parties are brought in the courts of different contracting states, any court other than the court first seised shall of its own motion decline jurisdiction in favour of that court.

A court which would be required to decline jurisdiction may stay its proceedings if the jurisdiction of the other court is contested".

THE COURT said that New Hampshire was a US company, registered in England as an overseas company and in France as a foreign company. In 1979 it issued an insurance policy covering repair or replacement costs of electrical appliances sold with a five-year warranty by a French company.

In 1980 New Hampshire reinsured a proportion of its risk under that policy with Overseas Union, a Singapore company registered in England as an overseas company, and with English companies, Deutsche Ruck and Pine Top.

Overseas Union, Deutsche Ruck and Pine Top ceased payment of claims and purported to avoid their respective insurance commitments on grounds of non-disclosure, misrepresentation and breach of duty in the placing and operation of the reinsurance policies.

On June 4 1987 New Hampshire issued proceedings against Deutsche Ruck and Pine Top in Paris, claiming under the reinsurance policies. On February 9 1988 it brought similar proceedings against Overseas Union in the same court. Deutsche Ruck and Pine Top formally challenged the jurisdiction of the French court. Overseas Union made clear its intention to do likewise.

On April 6 1988, Overseas Union, Deutsche Ruck and Pine Top brought an action against New Hampshire in the Commercial Court, seeking a declaration that they had lawfully avoided their obligations under the policies. On September 9 the Commercial Court granted a stay until the French court gave a decision on the question of its jurisdiction in the proceedings pending.

Overseas Union, Deutsche Ruck and Pine Top appealed. The Court of Appeal stayed the proceedings and submitted the following questions *inter alia* to the Court of Justice for a preliminary ruling:

(1) Did article 21 of the 1968 Brussels Convention apply irrespective of domicil of parties to the two sets of proceedings; (2) under article 21 paragraph 2, where the jurisdiction of the court first seised was contested, was the court second seised to stay proceedings as an alternative to declining jurisdiction; (3) if not, could the court second seised examine whether the court first seised had jurisdiction?

It was common ground that the French court was tha court first seised and that the proceedings before the French and English courts involved the same cause of action between the same parties.

The first question was whether article 21 applied irrespective of the parties' domicil.

Article 21 provided that where proceedings involving the same cause of action between the same parties were brought in the courts of different contracting states, any court other than the first seised should decline jurisdiction.

The article made no reference to domicil. Moreover, it did not draw any distinction between the various heads of jurisdiction provided for in the Convention. It did not provide for derogation to cover a case where a court of a contracting state exercised its jurisdiction under domestic law over a defendant who was not domiciled in a contracting state.

Consequently, it appeared from the wording of article 21 that it must be applied both where the court's jurisdiction was determined by the Convention, and where it was derived from the legislation of a contracting state in accordance with article 4 of the Convention.

In *Dumez France and Tracoba [1990] ECR I-49*, the Court held that the Convention's aim was to promote recognition and enforcement of judgments in states other than those in which they were delivered.

The rules were designed to preclude non-recognition of a judgment on account of its irreconcilability with another judgment in proceedings between the same parties.

To achieve those aims, article 21 must be interpreted broadly to cover in principle all situations of *lis pendens* before courts in contracting states, irrespective of the parties' domicil.

The answer to the first question was that article 21 applied irrespective of the domicil of parties to the two sets of proceedings.

By its second and third questions, the national court sought to establish whether, where the jurisdiction of the court first seised was contested, the court second seised was obliged to stay proceedings as an alternative to declining jurisdiction; or whether article 21 permitted or required it to examine whether the court first seised had jurisdiction.

It appeared from the report of the committee of experts which drafted the Convention (Official Journal 1979 No. C59, p.1) that the rule was introduced so that parties would not have to institute new proceedings if, for example, the court first seised were to decline jurisdiction.

The objective of the provision, which was to avoid negative conflicts of jurisdiction, might be achieved without the court second seised examining the jurisdiction of another court.

In no case was the court second seised in a better position than the court first seised to determine whether the latter had jurisdiction.

The cases in which a court in a contracting state might review the jurisdiction of a court in another contracting state were set out exhaustively in article 28 and the second paragraph of article 34.

Those cases were limited to the recognition or enforcement stages and related only to certain rules of special or exclusive jurisdiction of a mandatory or public policy nature. Apart from those exceptions, the Convention did not authorise jurisdiction to be reviewed by a court in another contracting state.

It therefore appeared both from the wording of article 21 and from the scheme of the Convention that the only alternative solution available to the court second seised, which should normally decline jurisdiction, was to stay proceedings if the jurisdiction of the court first seised was contested. It could not examine the jurisdiction of the court first seised.

The answer to the second and third questions was that, without prejudice to the case where the court second seised had exclusive jurisdiction under the Convention, article 21 of the Convention must be interpreted as meaning that, where the jurisdiction of the court first seised was contested, the court second seised if it did not decline jurisdiction, might only stay the proceedings and might not examine the jurisdiction of the court first seised.

For the plaintiffs: Peter Goldsmith QC and David Railton (Holman Fenwick & Willan; Stephenson Harwood).

For New Hampshire: Jonathan Mance QC and Alan Newman QC (Hextall Erskine & Co).

Rachel Davies
Barrister

MANAGEMENT

Corporate restructuring at Gencor

Why decision making came down to earth

Philip Gawith explains how the South African mining group tackled a moribund hierarchy

Derek Keys, executive chairman of Gencor, South Africa's second largest company, tells the story of the three great lies: the cheque's in the post; of course I'll still respect you in the morning; and I'm from head office and I'm here to help you.

The five years he has spent at the helm of Gencor, the diversified conglomerate with mining and industrial interests, are, however, a vindication of just how effective the man from head office can be.

When Keys took over at Gencor in mid-1986, industry observers considered it to be in crisis. It lacked direction, morale was low and the market showed clear disapproval. The failings were aggravated by the unwieldy arrangement of the group being jointly run by five executive directors.

Today, Gencor – with assets of R20bn (£4.2bn) and 1990 earnings of R1.45bn – is the darling of the investment community, a self-assured company seen to be better managed and more entrepreneurial than other South African mining companies.

Closely allied to this is Keys's considerable reputation, a result of his success and independence of thought in a traditionally conservative industry.

Keys may lack a mining background, but he has no shortage of pedigree. A chartered accountant, Keys also worked at the South African Industrial Development Corporation and had a spell locally in management consultancy before joining Gencor.

He is an iconoclastic spirit. In 1977, aged 46, he took a sabbatical year in Germany at the Goethe Institute. Why? "I decided to have my mid-life crisis in a very organised way," he says with an uproarious laugh. "I thought something astounding might come of it."

But the revolution at Gencor has been less a function of Keys's financial acumen than of the changes he has effected in the structure, culture and focus of management. Back in 1986, his first tasks were "fire-fighting" – dealing with problems such as Gencor's reputation as a union basher and reorganising its under-performing industrial interests.

Keys devised the treatment once he had diagnosed the problem as that of a basic managerial malaise. Simply put, an overly hierarchical structure meant that too many important decisions were being taken too high up, at a level away from day-to-day reality.

This was a function of the historical structure of mining houses where it had always made sense to concentrate services at the centre, deploying them at specific operations as and when needed. The formation in 1989 of Genmin, the wholly-owned mining group with interests in precious metals, coal and ferro-alloys, showed Gencor endorsing this logic but crucially only at the mining, not group, level.

The traditional method of running a mining house – specifically, decisions being taken at the centre, away from the market – had proved unfavourable to the efficient running of the group's industrial interests. Keys's solution was to bring Malbak, an industrial holding company he had helped set up, into the group and then to sell almost all Gencor's industrial interests, including food, packaging, construction and consumer goods, into Malbak.

The exception was Sappi, the forest products group, which was considered too large to be included and it was kept separate. Both Sappi and Malbak are run away from Gencor head office; physical separation endorses managerial independence.

Head office staff has also been reduced from 1,700 in 1986 to under 50 now.

So what does all this mean in practice? "We don't prescribe to our divisions what their assumptions should be for their budgets or for their projects," says Keys. "We expect them to state what those assumptions are, but they can do anything they like, so long as they put up a case that convinces us." In this way, Keys believes that managerial creativity is stimulated by avoiding imposing "homogenising" investment criteria from the centre.

He also argues that this approach diminishes risk. "The whole aim is to drive the decisions downwards to where there is the best mix of judgment and knowledge about the situation."

Derek Keys: "We need to make our shareholders feel that subscribing to rights issues is a pleasant experience"

It also allows young managers to develop and prove themselves. Anton Botha, the 38-year-old managing director of Genbel, the mining finance and investment company, says: "You were made to feel that you were the chief executive of your company, not just one of the hierarchy at Gencor."

Greater demand is therefore made of managerial initiative and responsibility, for which commensurate rewards are offered. Managers are no longer able to escape poor decisions by consoling themselves that some of the responsibility had devolved upwards. Analysts agree that the management at Gencor is much more vigorous and creative as a result.

If decentralisation and empowerment of managers were the basic materials with which Keys planned to reshape the company, the design came in the form of a corporate mission statement, published in 1988. Keys says it was always clear that the niche Gencor should occupy was that of giant venture capitalist.

From this flowed the broad aim of achieving real growth, through starting or acquiring new businesses or developing existing ones. Like most such statements, it is vague; unlike most, it has a palpable focusing and galvanising effect.

The best example is the transformation, in the space of three years, of minor petroleum marketing interests into a fully integrated energy group – Engen – with assets of more than R3.5bn. The most significant development was the purchase in 1989 of Mobil Southern Africa from its disinvesting parent for the bargain price of R650m. Engen contributed R203m to Gencor earnings last year.

Other large projects in the pipeline for Gencor include likely involvement in the Columbus stainless steel plant joint venture with Highveld Steel and an aluminium smelter of its own, each of which will cost more than R3bn.

The enormous funding requirement of these projects explains a feature of Keys's managerial style, namely his close attention to, and use of, the stock market. "If we are a real growth-generating machine, we're going to need more money all the time. We need to make our shareholders feel that subscribing to rights issues is a pleasant experience.

"Bringing all the development work going on in the divisions of this group to fruition depends upon investors liking the share. If we get that wrong we're actually throwing sand in the machine." He also believes that the market delivers invaluable, unbiased judgments about his performance and that of his managers.

The group's share price lay behind last year's much publicised announcement that Gencor was considering unbundling its operations. The aim was to see whether the discount of the share price to net asset value (as high as 30 per cent, but now closer to 11 per cent), common to most mining houses, could be removed.

Keys was disappointed by the market's reaction. "I thought the discount would halve overnight. In fact the shares dropped 20 cents." This was the main reason the project was put on the backburner.

While there are domestic tasks aplenty, Keys acknowledges that the big prize lies offshore. The challenge is to transform Gencor, the bulk of whose assets are in South Africa, into a global resources group. "What I am looking at is whether there is an existing resource organisation outside South Africa which could have some interest in some kind of partnership relationship." Talks were held last year with Lonrho, but no proposal was ever made to the Gencor board.

Keys will not be hasty; his contract with Gencor has been extended to August 1994. He quotes an Afrikaans businessman: "Jy kan nie a proposisie ryp druk nie". (You can't squeeze a proposition ripe.)

Information in the workplace

When team briefings tell only half the story

Andrew Jack reports on recent research which questions the value of a widely used employee communications technique

Recent research is casting a critical shadow over team briefing, one of the most widely-known techniques of employee communication in British companies.

From data collated by his researchers, Peter Walker of Vista, an employee communications consultancy, concludes that the concept is far more widely recognised than it is applied; and far too loosely used to be effective.

Team briefing was pioneered by the Industrial Society some 20 years ago, and has become the lynchpin of many senior managers' strategy to keep their workforces informed and to foster healthy industrial relations.

In essence, it works by bringing together teams of employees to be briefed by their supervisor or local manager – ideally once a month. Issues covered might include an assessment of what the group has achieved, future targets, policy changes which affect its members, and personnel changes.

At least one third of the content of briefings might contain "core" information, relating to strategic corporate issues, such as performance, capital investment and short or long-term company objectives.

The supervisors conducting the briefings have, in turn, had similar meetings with their superiors. In this way information is rapidly cascaded down through perhaps five levels of seniority from board level to the shopfloor until all employees have been briefed.

But Walker argues that core messages can only travel effectively through one level of manager. Otherwise communication degenerates into Chinese whispers. "If you pass a message through five people it will be distorted," he says.

"In an organisation of, say, 10,000 people, you can identify a core group of 200 managers," he suggests. They should be able to brief all the staff in small groups over three days every three or six months, he says.

Data collected by Vista suggests that team briefing is viewed sceptically by many managers and employees. A survey conducted in late 1989 of executives in 420 companies showed that 79 per cent claimed to use team briefing. However, only 59 per cent of this group conducted briefings monthly; and just 63 per claimed the information reached all employees.

The importance of communicating company goals to staff was endorsed by 98 per cent of managers; of communicating section targets by 91 per cent; and divisional plans by 82 per cent. Yet the proportion of managers who believed this information was actually passed on to staff was 56, 67, and 50 per cent, respectively.

Executives are terrified

The views of employees in 20 of Vista's client companies were more disappointing still. While more than 80 per cent of managers thought they were carrying out a team briefing, just under two-thirds of staff thought they were receiving them. Only 31 per cent thought they received sufficient information on their companies' plans.

Mike Edden, East Midlands and East Anglia area manager of the Industrial Society, dismisses Vista's findings. He says the failures highlighted are not those of team briefing, but of weak implementation by managers.

"There is a lack of commitment and monitoring from the top," he says. "British management is very flash-in-the-pan. They make a half-hearted attempt at team briefing and then move on to some other management fad, like total quality."

Walker also singles out for most criticism the implementation by executives rather than the concept itself.

"My key attack is against British managers," he says. "Most senior executives are terrified about briefing their staff. They say their supervisors are letting them down when it is in fact the supervisors who are being let down by them."

Nevertheless, there are fundamental disagreements between the two Walker and Edden.

Walker insists that core messages can only be passed on by those at senior level who have "ownership" of corporate policies, were involved in decision making and have the authority to bring about change.

Supervisors should concentrate their briefings on the local issues which most directly affect the group for which they are responsible. If they are forced to pass on strategic information they will do it badly and half-heartedly, and generate discussion of issues which the team cannot directly influence.

Edden, on the other hand, suggests that more junior managers and supervisors become more powerful leaders in the eyes of their teams when they act as channels of information for those above them. They also gain greater commitment to the management team rather than simply siding with those below them.

If only the most senior staff relay core information, he argues, then staff will regard them as the only ones who know what is going on within their company. He also suggests that because each level of staff is involved in discussions as they are briefed, this ensures that the message passed down from above is not distorted.

"I go about my trade and see that team briefing doesn't work," says Walker. "Senior managers need to come out from behind their oak-panelled doors and lead from the front on issues of company and divisional importance." On the latter point, at least, the two can agree.

TECHNOLOGY

Furnace burns up dioxin threat

A FURNACE for incinerating household and other solid refuse which claims to achieve a 500-fold reduction in dioxin emissions has been announced by the Kubota Corporation.

The end-product of the "melting furnace" system is an stone-like slag which can be used as a construction material for road building, tennis courts and paving stones.

It also offers a solution to the current problems of disposing of conventional incinerator ash, which cannot be dumped near residential areas because it attracts vermin and creates clouds of dust. With dumping costs in land-starved Japan now reaching Y30,000 (£135) per cubic metre in urban areas, the reduction in waste volume alone is an achievement.

Trials were recently completed at an incinerator plant in Isahaya City, in Nagasaki prefecture. During the combustion process dioxin levels were cut to one five-hundredth of previous levels, and the company says the prospects are good that a one-thousand times reduction in dioxin emissions can be achieved at three plants due to open this year.

Tadao Fujimoto, director and general manager of Kubota's environmental plant division, says that municipal rubbish, sewage sludge and "fluff" (the waste remaining after the metals have been extracted during automobile recycling) can all be handled in the furnace.

Three or more burners in the "ceiling" of the furnace produce temperatures of 1,300-1,400 deg C to melt the debris. The molten waste passes through a secondary combustion chamber before dropping into a tank below.

Fujimoto says that the primary challenges in the research effort, which dates back to 1975, lay in determining the optimum materials for the furnace walls, selecting the ideal furnace shape and developing the control software.

The furnace can handle up to 150 tonnes of rubbish a day, on a 24-hour operating basis.

Roy Garner

Andrew Taylor describes the tunnel which will carry much of the UK capital's drinking water

London goes with the flow

A tunnel 50 miles long – much longer than the Channel Tunnel – is being dug around London yet few of the millions of people living above it are even aware of its existence.

It is costing £250m, is more than 8ft wide and is half-way finished. When it is completed in 1996 it will carry up to 285m gallons of water a day to meet as much as half of the capital's daily needs. Parts of it are already pumping water to London's taps.

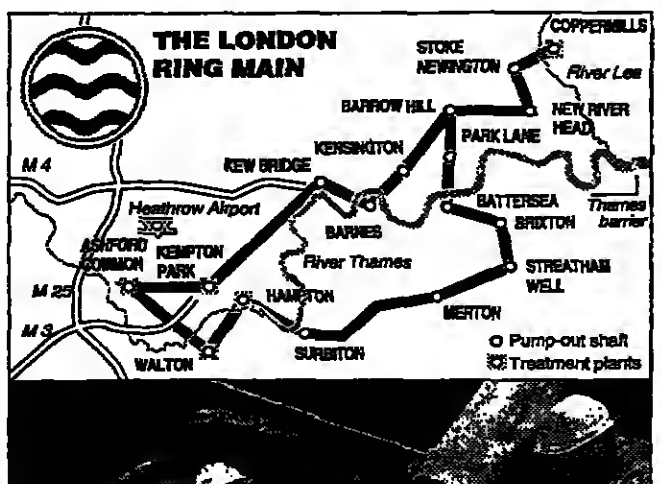
Thames Water, the largest of the 10 British privatised water companies, says the tunnel – known as the London ring main and sometimes described as the water industry's equivalent of the M25 orbital motorway – is the largest single fresh-water project of its kind in the world.

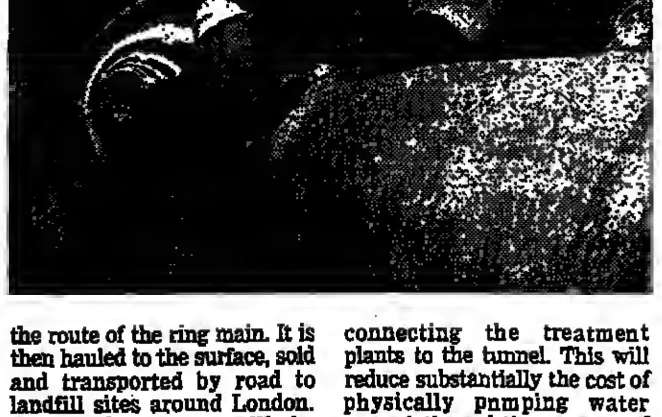
Unlike the Channel Tunnel, the ring main is not politically controversial. The problems instead are purely logistical. It has to be dug at a depth of 130ft to avoid disturbing deep foundations of office blocks, London's Tube and the thousands of miles of water, electricity, gas and telecommunications services buried underground. More than 1m tonnes of clay must be removed without disrupting the capital's congested roads.

Thames began the ring main's construction in 1987 to replace much of the antiquated jumble of steel and cast-iron mains and pipes which have supplied the city's water for more than a century. To renew these pipes – many of which are close to the surface – would have caused unacceptable disruption to already crowded streets, says Bill Alexander, engineering director, even if sufficient room could have been near to the surface for new mains.

The existing network has come under increasing strain as demands for water have grown from houses, shops and large office blocks. To meet the demand, Thames has had to raise the pressure at which water is pumped through water mains and pipes. "A combination of age, heavy traffic and increased working pressure have lead to a growing number of incidents of leakage and bursts in the mains system," says Alexander.

Construction of the tunnel is running six months ahead of schedule and is on budget, Thames says. Spoil is hauled by train from the tunnel face to the bottom of one of 12 pump-out shafts sunk along the route of the ring main. It is then hauled to the surface, sold and transported by road to landfill sites around London. Evantually, water will be pumped up these shafts directly into the mains supply.





The concrete lining of the tunnel will be brushed clean and disinfected by slowly passing chlorinated water through it. After this it be fit to carry water pure and fresh enough to be drunk from the tap.

Water will be moved around the ring main by gravity using the energy generated by vast volumes of water falling at high speed down the shafts connecting the treatment plants to the tunnel. This will reduce substantially the cost of physically pumping water around the existing system of mains and pipes. It will also reduce the operating costs of supplying water to the capital.

The drinking water will be supplied from four treatment plants in the Thames Valley to the west of London and one in the Lea Valley to the north of the capital.

One of the hallmarks of construction has been the lack of disruption to traffic. "One of the pumping station shafts has been sunk under the roundabout at Park Lane, one of the busiest roads in the capital, yet very few people will be aware that it is there," says Alexander. Another shaft, 246ft deep and 37 ft in diameter, has been sunk a few hundred yards north of London Zoo close to Regent's Park.

Water leakage, which currently runs at between a fifth and a quarter of all water used in London, will be reduced to no more than a bucket a mile inside the ring main, according to Thames.

Building the tunnel has not been without its problems. The biggest disruption occurred under Tooting Bec common in south London where a tunnelling machine broke through London clay into water-laden Thanet sands. A two-mile section of tunnel was flooded.

The solution was to dig another shaft down to the tunnel and freeze the water-logged ground by pumping brine through pipes at -30 deg C. The tunnel and digging machines were then laboriously chipped out before cast iron linings were installed to prevent further flooding.

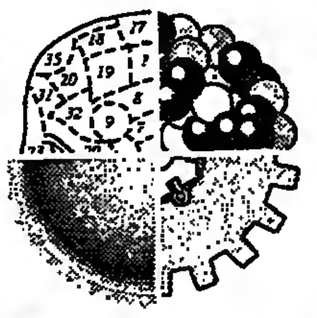
On another occasion the contractors found tonnes of concrete pouring through a breach in the tunnel caused during the construction of a nearby British Rail line. "The damage was quickly spotted and halted," says Alexander.

Michael Hoffman, chief executive of Thames, says the privatisation of the company, along with the other water authorities, in 1989 has helped to accelerate the construction of the ring main.

"Privatisation made it easier to raise the finance. Under public-sector restraints the authority never knew whether it was going to get enough money to complete the project. For the first time we are able to plan ahead with confidence," he says.

"As a public authority the tendency was to employ outside consultants to watch over the contractors and let them get on with the job," he adds. "As a private company we have to ensure that investments generate a satisfactory return. We have been much more active in managing and controlling the project. When things have started to go wrong we have been able to respond immediately to limit potential damage and keep tight control of costs."

He says that if the momentum can be sustained then London could provide a blueprint for other cities facing similar problems.



WORTH WATCHING

by Della Bradshaw

Bazooka Wide welcomes HDTV

TOSHIBA, the Japanese electronics company, is putting a television on the market aimed at bridging the gap between current television technology and high-definition TV, writes Steven Butler.

For a mere Y1.2m (£5,300) – compared with at least Y3.6m for full-fledged HDTV set – Japanese viewers can buy a wide-screen 36-inch television in EDTV (extended definition television) that has an internal converter capable of translating Japanese standard Musa HDTV signals.

This means that the television, called Bazooka Wide, is capable of receiving everything put out by satellite and terrestrial broadcasts in Japan without the cost of an external converter. The picture quality is higher than ordinary sets that receive conventional NTSC signals, although it cannot match the clarity of HDTV pictures.

Toshiba believes the HDTV market will not take off until 1995, when the price of equipment will drop significantly.

The Bazooka Wide will not be made obsolete by changing broadcast standards, although it remains to be seen whether consumers will pay so much when a significantly better machine will become available at a more attractive price in a few years.

Tags tune in to radio signals

A TAGGING technology which promises the sophistication of radio-controlled tags but at a fraction of the cost has been developed by the Generics Group, of Cambridge.

The tag, measuring one inch by half an inch, is made of magnetic tape – similar to that used in cassettes – in a plastic package. One reason the cost of the system is so low – each tag will cost just a few pence – is that the established method of putting data on to cassette tapes is used to encode the data on to the tag. A low-frequency magnetic reader is used to read the data as the tag passes within two metres.

As well as being used to tag animals or widgets on a production line, the low cost of the tag means it could be used on airline tickets so that a passenger could automatically be allowed into a lounge if he or she had the appropriate ticket.

A further application of the technology, which is now at the demonstrator stage, and which Generics is planning to license internationally, is in tagging underground cables. Because the system uses magnetic resonance technology, the reader can detect and read tags buried underground.

Smart controls build up market

THE European market for advanced electronic building controls will be the largest "single" market in the world by 1995, according to the latest report from Proplan, the research company specialising in the area.

In 1990 the European market for intelligent controls, which monitor and control such things as heating and lighting in a building in order to reduce fuel bills, was worth Ecu 545m (£380m). But, according to Proplan, of Amersham, by the end of 1995 it will be worth Ecu 1bn.

The German and UK markets accounted for 65.5 per cent of total European sales last year. These two markets will continue to dominate the scene in 1995, says Proplan, with the German market worth in excess of Ecu 4m by then. The Spanish market will also grow strongly, and by 1992 will be worth more than either the Belgian or Dutch markets.

G7 press get the data message

WHILE representatives of the group of seven industrial nations exchange views round conference tables in London this week, their accompanying press corps are keeping in touch with electronic mailboxes.

BT Mobile Communications has devised a special package for the media, comprising a tone pager and a voice mailbox with two phone numbers. The first number is used by contacts or editors to enable them to leave recorded voice messages. Once the message is recorded, a signal is automatically sent to the bleeper to inform the journalist that he or she should picked up the message. That is done by dialling the second number.

BT says that 1,500 of these mailboxes are now in use.

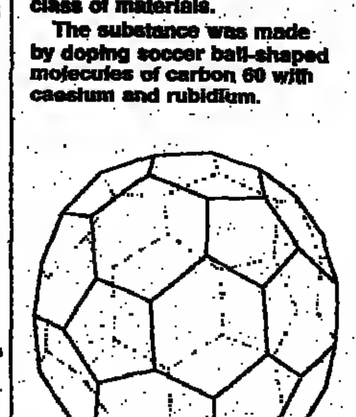
The heat is on superconductors

NEC, the Japanese electronics company, has edged into the lead in the race to produce a superconductor which can operate as close as possible to room temperature.

Today's superconductors only work at more than 200 degrees below freezing point – electrical resistance comes in to play at temperatures above this. If the materials can be made to lose their resistance at higher temperatures they will find widespread applications in power generation and storage, medical applications and in trains and motor cars.

Researchers at NEC have developed a substance which is superconductive at -240 deg C, or 33 Kelvin (33 degrees above absolute zero). Apart from superconductive copper oxides, says NEC, this is the highest temperature yet achieved for this class of materials.

The substance was made by doping soccer ball-shaped molecules of carbon 60 with caesium and rubidium.



Contacts: Toshiba: Japan, 03 3457 4511. Generics Group: UK, 0223 424425. Proplan: UK, 0494 722177. BT: UK, 071 356 4242. NEC: Japan, 03 3454 1111.

THE PROPERTY MARKET

Hopes of future respite in flight from London

By Pamela Bruce

Companies are leaving central London in record numbers, according to the latest survey of their movements by the consulting and research department of Jones Lang and Wootton, the chartered surveyor. But are fears expressed by some commentators that these departures could turn into a mass desertion of the capital justified?

There was a rising trend of relocations out of London during the 1960s and 1970s when the average annual number of jobs moved to the suburbs or regions was almost 7,000. By 1980 the number had fallen to 2,350. Last year this had escalated to 11,380 – a fourfold increase over the average for the decade and the highest figure recorded since 1964. The trend is set to continue upwards, with a further 48 organisations committed to move during 1991-92 taking with them more than 27,000 jobs.

Today's mass exodus by companies has its roots in decisions taken in response to the market of the mid- to late-1980s. Top rents in London almost doubled between 1985 and 1990. This growth in rents reflected the economic expansion of that period, deregulation of the financial markets and a shortage of immediately available, quality office floorspace. There was a wide differential between central London and provincial office markets rents.

Even late last year, when rents were falling, there was a sharp contrast between accommodation costs in central London and provincial office centres: top office rents in the City and West End were £61 per sq ft and £70 per sq ft respectively while in the main centres outside London they ranged between £11 per sq ft in Nottingham and £17 in Glasgow to £25 per sq ft in Birmingham and £35 in Windsor.

Between 1983 and 1990 more than half the organisations which left London cited property costs as the single most important reason for their decision to move.

Industrial companies no longer predominate among the relocators as they did in the early and mid-1980s. Most have now relocated from central London. Last year the service sector, notably banking, insurance and business services companies, accounted for more than half of relocations.

A further surge in relocations from London is foreseen in the next two years. This is expected to be fuelled by the public sector as the government's programme of dispersing departments to the provinces, announced in 1989, takes effect. During 1991-92 9,000 government jobs, more than a third of all those likely to leave, will move out of central London.

The geographical distribution has also shifted. Outer London and the rest of the south-east, traditional destinations for moves, declined in importance in 1990. Over the next few years more than half the known future moves are expected to be to centres outside the south-east. The emergence of Docklands as a prime office centre has extended the pattern of relocation eastwards.

Nevertheless the impact of the exodus on the capital's office market has been relatively limited: the amount of floorspace vacated is only a small proportion of the total office stock. Since 1983 6.8m sq ft was vacated, amounting to 4.4 per cent of total office stock, or only 0.6 per cent a year. Over the same period the volume of occupied stock increased by 12m sq ft as a result of increasing office employment. Total central London employment between 1984 and 1989 increased by almost three times the number of jobs which were dispersed.

Over the next year, by contrast, a small decline in office employment in London and the south-east is expected, although longer-term forecasts indicate the increase in office employment will continue. Therefore, in the short term at least, any relocation of office jobs out of London will have a net negative effect and will increase the supply of available office space in central London where 10.8 per cent of office stock stands empty today.

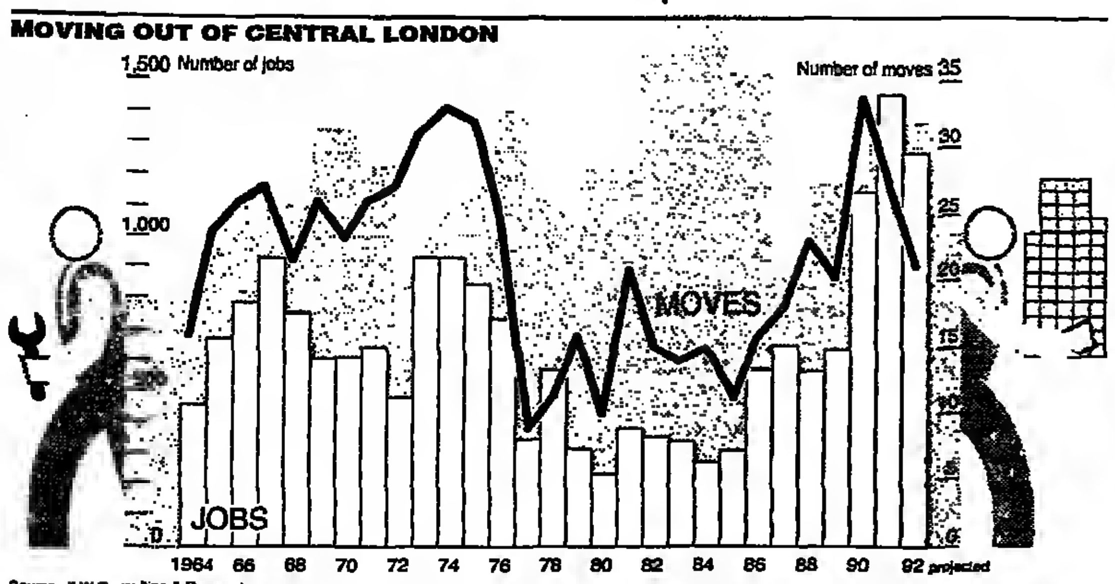
Given the changing economic climate, what will be the future scale of company moves out of London? Short-term forecasts indicate a significant decline in 1993-1994. Although central London rents have increased sharply during the last decade, in absolute terms the differential between central London and the rest of the UK has narrowed, particularly in relation to the rest of the south-east. And real rental values are declining as availability of office space, and therefore choice to the occupier, has risen. This suggests that property costs may be less crucial in encouraging future relocation.

The tightening of the labour market has also encouraged relocation. Company cost-cutting measures are swelling the numbers out of work. Although never cited as the main reason behind a decision to move out of central London, shortages of skilled and clerical staff have also been a contributing factor. The shortages have also given rise to higher salaries as organisations competed for a diminishing supply of labour. The current rise in unemployment will affect relative labour costs and may well weaken their influence on decentralisation. London is expected to maintain a relatively resilient position during the current countrywide decline in the number of school leavers. Local labour constraints outside London may inhibit the choice of destination for decentralisers, and could even deter companies from relocating.

The future of decentralisation from central London will be significantly influenced by two factors: relative accommodation costs and new technology. Rental movements in central London and the provincial office markets will continue to influence decisions to relocate, whether the differential widens or continues to close. Information technology will also have a telling effect. IT not only allows companies to move as a whole or in part, away from London, it can also work in reverse, enabling significant staff economies to be made without the company having to move at all.

The author is head of London Offices Research, Jones Lang Wootton Consulting and Research

MOVING OUT OF CENTRAL LONDON



Source: JLW Consulting & Research

TOTAL RETURN (%)

	Retail	Office	Industrial	All Properties
Year to May 91	−4.5	−10.3	−2.0	−6.4
Quarter to May 91	−0.1	−2.2	1.0	−0.7
Month of May 91	0.2	−0.4	0.6	0.1

Investment Property Databank

INTERNATIONAL PROPERTY

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BY ORDER OF THE BOARD

R M H Malthouse
Secretary

Registered Office:

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Staines
Middlesex TW18 4JD

No. 34 of 1991

In the Kingston Upon Hull County Court
In the matter of
POLAR DISTRIBUTION SERVICES LIMITED
and in the Matter of the Insolvency Act 1986

A Petition to wind up the above-named company whose registered office is at Number 1 Silvester Square, The Maltings, Silvester Street, Kingston Upon Hull, presented on 11th July 1991 by Stamford Land (Humberside) Limited of St. Nicholas House, High Street, Bristol BS1 2AW claiming to be a Creditor of the Company will be heard at Kingston Upon Hull County Court on Wednesday 14th August 1991 at 10.30 a.m. (or as soon thereafter as the Petition can be heard).

Any person intending to appear on the hearing of the Petition (whether to support or oppose it) must give notice of intention to do so at the Petition or its Solicitor in accordance with Rule 4.16 by 1600 hours on Tuesday 13th August 1991.

Lloyd Bragg,
St. Nicholas House,
High Street,
Bristol BS1 2AW
Ref: MJRG/19534/3/2.
Solicitor to the Petitioner

CLUBS

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For further information, contact the Joint Administrative Receiver, Richard Neville, KPMG Peat Marwick, Phoenix House, Notte Street, Plymouth PL1 2RT. Tel: (0752) 225381. Fax: (0752) 266800.

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For further information contact the Joint Administrative Receiver, Alastair Jones, KPMG Peat Marwick, 2 Cornwall Street, Birmingham, B3 2DL. Telephone (021) 233 1666. Fax (021) 233 4390.

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For further details please contact the Joint Administrative Receivers:
Maurice Whithall or Scott Barnes, Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP.
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ARTS

La fanciulla del West

COVENT GARDEN

In this much treasured production from the 1970s the Royal Opera really did strike gold. The stage pictures aspire to Hollywood-like magnificence and put before us a Wild West of striking realism, where one can catch the pungent whiff of gunshot and the smell of cigars being smoked in the "Polka" saloon.

The piece is not counted among Puccini's favourite operas and yet it has more to offer than some which are. For in *La fanciulla del West* Puccini created a world very much of its own. Every one of the mining folk in this isolated community, where men live by sharing troubles and hardships, is e real character. There are no slick caricatures, only people with everyday strengths and failings; and the three principals come to life all the more vividly for that.

In this revival that trio is strongly cast. In the early stages Mara Zampieri does not deal frankly with the homely aspects of the miners' girl Minnie and the scenes of conviviality and bible-reading are a hit coy, but as soon as she produces the gun from her apron pocket we know that she means business. She has plenty of vocal power packed in her holster and rides the orchestra excitingly at the big moments, a true Puccini soprano.

Zampieri has sung in this opera at Covent Garden before and so has her tenor, Giuseppe Giacomini, though this is the first time that they have appeared together. The pairing works well and Giacomini, though he always looks stiff on stage, is able to approach the role of Dick Johnson in the sure knowledge that he has the stamina and the ring in the voice to sing it. It is good to see two Italians as the leading couple.

The singer intended for Jack Rance was injured in rehearsal and so Justino Díaz, last week's Scarpia, has stepped in, a figure without much charisma at the beginning, though he warms to his task once the Sheriff is on the hunt. A lot of familiar faces flash past among the miners, including Robert Lloyd's superior Ashby, the Wells Fargo man, and the trusted Nick of Francis Egerton, in whom everybody seems to confide. Anthony Michaels-Moore is the fresh-faced Sonora and Mark Beesley as the roving minstrel Jake Wallace sings the opera's hit tune with fine, well-focussed tone.

That the production still looks stunning can be taken for granted. With e tighter sense of direction some gratuitous overacting could be curbed and the blasts of snow through Minnie's door be made to flurry more convincingly (laughter at this point is fatal). Mark Ermler does not spare the force of the drama and his conducting, if less glamorous in sound than Mehta's when the production was new, is another strong asset of the performance.

The opera undeniably makes an exciting evening. But it is also more. While one hardly notices, it tells us about isolation and companionship, about how people react in e closed working community and the way that they have to learn to depend on each other. Puccini was a master indeed and *La fanciulla del West* is his unsung operatic masterpiece.

Richard Fairman

'Pity', c.1795, by William Blake

The art of communicating visions

Susan Moore reviews the William Blake exhibition at the Tate

A vein of the visionary and mystical glimmers through British art. At its source is William Blake, prophet, poet, painter and printmaker. The tradition continues with Samuel Palmer and Dante Gabriel Rossetti, both admirers of Blake, and re-emerges this century in the work of, say, Cecil Collins and David Jones. Even those who do not care for Blake's art rarely fail to respond to his imagination, what he would have preferred to regard as his Poetic or Prophetic Genius. At the entrance to the new display of *William Blake and His Followers* at the Tate Gallery (until November 3), to amphasise the point, is one of Francis Bacon's painted heads inspired by Blake's haunting life-mask.

The three basement galleries show the Tate's substantial and representative Blake holding in its entirety. Walking into them, if uninitiated, is not unlike being dropped into the middle of a Bayreuth Ring cycle without a crib. Spreading out across the walls are the Ossianic characters of Blake's complex personal mythology, often personifications of concepts evolved in the prophetic books of the 1790s: *Urizen, Los, Orc, Oothoon.* Nothing is familiar. Even his illustrations to the Bible, given his unorthodox Christianity, present us with an unrecognisable Old Testament Jehovah, vengeful and terrifying. His illustrations of Shakespeare, Milton and Dante tell us as much about his universal philosophical system as about the texts they are snpposed to represent.

It is impossible to comprehend Blake's art without attempting to unravel this system. (If you would like a Virgil to guide your Dante, Tate Gallery Publications has produced a new and much enlarged edition of Martin Butlin's excellent catalogue of the collection, William Blaks 1757-1827, £55.) Both the display and catalogue emphasise the importance of Blake's seven-year apprenticeship as an engraver, and – incidentally – his lack of conventional training as an artist. (His grasp of anatomy is unsound; the musculature of the male figures is so pronounced thet they look as if they have been flayed.) His engraving after Hogarth's Act III of *The Beggar's Opera* of 1790 shows him an accomplished technician, and it was in the realm of print-making thet ba was to prove most technically innovative.

He perfected a method – which he claimed was revealed to him by his dead brother in a vision – of printing text and illustration from the same copper plate. The Songs of Innocence, published in 1789, were the first to employ "illuminated printing", their watercolour tints applied by Blake after printing. His experimentation with colour printing culminated in the great series of colour prints from 1795 onwards, eight of which line one gallery wall. Among them are some Blake's most famous and compelling images: "Newton", "Elohim Creating Adam", "God Judging Adam", "Nebnchadnezzar", and "The House of Death". Their size, texture and density of colour – the consequence of printing with pigment suspended in gum, and working up the image in ink and watercolour – endow them with the character of oil painting.

Blake's colour printing and his equally idiosyncratic method of tempera painting can be seen as attempts to preserve the "clear and determinate ontline" he so admired in Michelangelo and Raphael, which he felt was endangered both by painting in oils and by the influence of the Venetian colourists. In contrast, he used colour symbolically, rarely descriptively. Nowhere is it more sensitive than in the radiant, prismatic hues of his illustrations of *The Divine Comedy.*

Perhaps unsurprisingly for an artist who was first and foremost a writer and engraver, line remained the only true means of communicating his vision. The primacy of line derived in part from a self-conscious primitivism, stemming from an admiration of the purity of line of both his beloved Gothic Westminster Abbey, and of the Ancient Greeks. Given Blake's unworldliness, it is easy to forget that he belongs to the mainstream of European neo-Classicism. For Blake, the apparently quintessentially English poet of Albion and author of "Jerusalem", was international in his intellectual range. He was steeped in the mystical theology of Boehme and Swedenborg, his pictorial language drawn from burgeoning German Romanticism and the Greek Revival.

Similarly, Blake's artistic legacy is to some extent based on misinterpretation. The Blake material on display here concludes with the tiny and atypical woodcut illustrations for Dr Thornton's Pastorals of Virgil, which the Doctor was loath to publish at first. Edward Calvert and Samuel Palmer seized npon them, the latter describing them as "visions of little dells, and nooks, and corners of Paradise; models of the exquisitest pitch of intense poetry". The pastoral vision of England deemed implicit in Blake's designs inspired Palmer to create some of the most lyrical and spiritual evocations of the English landscape. A century later the spirit of Palmer re-appeared again in the early work of Paul Nash and Graham Sutherland.

Baal

LATCHMERE THEATRE

Brecht wrote *Baal*, his first play, in 1918. He was 20. It remains a young man's play, a direct forebear of 1950s Beat and early 1980s Punk. This fine production by The Sturdy Beggars et the Latchmere Theatre shows thet this play still has the power to shock, astonish, titillate and amuse.

Brecht felt the play lacked wisdom; it certainly offers nothing obvious on condnct. Baal is an engaging yet repulsive man with an amoral hunger for experience; anything will do: sex, drink, poetry, violence. The play charts bis slide from a society pet into a degreded misenthrope. *En ronte*, he corrupts a friend's young mistress and kills his friend and lover in e bar-room brawl.

Throughout his career, Baal wrenches inapposite songs out of a battered banjo. He dies alone and unwented. The poetry here is not of the best: too many milky winds raking across pale skies over black forests. However, the language is always energetic and sensual, if not ectnally thoughtful: "When you lie on the starlit grass, your bones know that the earth is a wendering dot, alive with eating beasts."

Ths most useful way to think about *Baal* is to abjure thinking. Brecht advises: "Some stories have to be felt; only bed stories can ba understood." Because each scene of *Baal* constantly challenges what one expects of one's own reactions, the show ts tense and unpredictable. Everything depends on the acting and directing. Here, both are crisp and intelligent.

Jonas Finlay as Baal wears his red bandanna with purpose and commits himself fully to everything: lyrical imaginings, violent eruptions, sexnal frenzies. He is supported by e versatile cast, among whom Richard Attlee and Jennifer Konko as his lovers Ekhart and Sophie are particularly well-attuned to Brecht.

Stephen Jameson's direction makes each scene into e raid on the inarticulate. The stage nudity which Brecht's text requires is always appropriate and thoughtful. The scenes are divided by cuts from The Stoncs, Jimmy Hendrix and Ian Dury; and Baal eventually dies to BBC Radio 4 – "Sailing By" and ths late-night shipping forecast.

The best scene, where Baal stumbles into a blood-red hospital set, is a bold coup which bears out Brecht's dictnm "Dte Wahrheitist konkret" ("truth is concrete"). The scene itself is its own explanation.

Forget *Twin Peaks* and *The Singing Detective*, this is seriously challenging: an asthmatic plays mouth organ, e blind woman in e sheet declaims, Baal shouts and his friend philosophises while two inmates have sex. What more could one ask? a little light accompaniment from Radio 2, which of course, there is.

Andrew St George

Mozart in Aix-en-Provence

AT the age of 11, Mozart had a commission from the Archbishop of Salzburg - not the unsympathetic Collordeo, who was famously to kick him downstairs later, but his predecessor Sigismund. It was a shared commission for a "sacred *Singspiel*" – an oratorio on an edifying German text entitled *Die Schuldigkeit des Ersten Gebots* (The Duty of the First Commandment). Wolfgang was to compose the first third, under Papa Leopold's guidance, whila the remaining two-thirds were allotted to the safer hands of Michael Haydn and Cajetan Adlgasser. Those latter portions have been lost; only Wolfgang's survives.

Even in this Mozart year, e less likely candidate for modern staging could hardly be imagined. It takes nearly an hour and e half, during which a discouraged Christian (tenor) is piously exhorted by The Christian Soul (tenor), Justice and Compassion (sopranos), and tempted innocently astray by e Worldly Spirit (another soprano) with inconclusive results. For Aix, the producer Jean-Claude Fall has therefore devised a brilliantly unlikely staging – en affectionete, absurdly extravagant joke. I liked it very much, though not everybody did: it was a painless way of presenting a non-viable piece of fascinating early Mozart.

The set is e stunning, perfect 3-D replica of Palladio's Teatro Olimpico stage at Vicenza (so expensive that it must be intended for further uses). At the start, modern schoolboys in uniform sneak in to find a snoozing Christian, who has evidently had s tough night, amid packing-cases which contain looming statues. These prove of course to be the singing Virtues, who duly come to minatory life; but the Worldly Spirit arrives from outside as a sporty, flame-haired creature in e smock stuffed with paint-brushes. Not only does she organise the schoolboys into active games, but by the end she draws the bleary Christian away to a party. The living statues, by now in mock-medical garb (guying a metaphor in the libretto), slip off to join them.

Elena Vink is a delicious Worldly Spirit, and Valerie Masterson and Lorraine Hunt are solid Virtues. The Rossini-tenor Bruce Ford has most to do as the Christian Soul, and does it in assured style; John Daniecki's hungover Christian is fine. Only Tamas Pal and his Hungarian band, the Salieri Chamber Orchestra, sounded a trifle too staid and backward for the joke: this is a sprightly score, bowever high-minded its intentions, and it deserved an extra dash of fizz. The most striking pre-echoes are of *Die Entführung*, still several years away.

*

The new Aix *Figaro* is a solid, well-worked affair. Not many laughs – virtually none in the first two acts, which the producer Rudolf Noelte pursues with e sober clarity that leaves no playful space for comedy; and comedy is certainly not the forte of Friedrich Haider, who conducts with a determined forward drive, never skipping a beat for fun. His own harpsichord continuo, neither witty nor improvisatory, amounts to carefully shaped little pieces. Yet by Act 3 this firm dramatic trajectory acquires a force of its own.

That owed mnch to the Almevive couple here. If Charlotte Margiono's "Porgi amor" was too blendly mournful to reveal much character, her wounded dignity eventually told the whole story. Her "Dove sono" was profoundly affecting; and Andreas Schmidt delivered the Count's *scena* with more intelligence and subtlety than any I've heard in years. With Manfred Hemm's chunky, offhand Figaro and some seasoned elders – Renato Capecchi and Stuart Burrows as Dons Bartolo and Basilio, and a fine over-ripe Marcellina from Carmen Gonzales – Judith Howarth's Susanna led the sextet with fetching sparkle.

She needs still to shake off her soubrette habits: her "Deh vieni" later was merely cute, nothing like the class act it ought to be (just as Henm's "Aprite un po'" was a routine grumbls). Monica Groop's Charubino was nearer the heart of the matter, not an ideally flighty adolescent but worried and touching, with a lovely mezzo of fascinating cheracter. (We can look forward to hearing her in the next Royal Opera *Ring*.)

For the first three acts Eva Maria Hieber has designed a single grand drawing-room, witb opulent painted ceiling. Economical, certainly, and it evolds a long scene-change after Act 1; on the other hand it can't be either the little room destined for Figaro and his bride, *nor* the Countess's bedroom – and it has too many doors for the farcical locking-np business. Were it succeeded by a really ingenious Garden scene the economy might be justified; but that final scene is as bitty and unconvincing as it usually is. (At least we are spared the extraneous arias.) Schmidt and Haider, for all their virtues, fail to crown the action with a properly spectacular triumph-and-downfall for the Count, so the ultimate apology is just smooth and genteel.

*

An all-Mozart concert in the Saint-Sauveur Cathedral, by William Christie and his "Arts Florissants", inclnded a stirring triumph, the dramadic cantata *Davidde penitente* that Mozart reconstructed from his C minor Mass. It was played searchingly and with tbe ntmost verve, and the chorus was in superlative form. The three solo singers, all from the Ramean *Castor et Pollux* cast, were Howard Crook and the cleverly matched sopranos Véronique Gens and Sandrine Pian, the one broad and generons, tba otber bright-etcbed and fleet. Though the concert had begun a half-hour late amid the customary confusion, all was forgiven – and there was the bonus of Rachel Yakar's warm, unstinting soprano in the "Exsultate, Jnbilate" too.

David Murray

Vadim Repin, Rolf Hind

BARBICAN HALL

It was the plan of the London Symphony Orchestra under Valery Gergiev to make the concerto of Wednesday's all-Russian programme a display-case for tha most recent Carl Flesch competition winner – Maxim Vengerov, the 17-year-old Russo-Israeli violinist whose Wigmore Hall recital in May sent the audience (and, on this page, Devid Mnrray) med with delight. Alas, the plan went awry: Vengerov fell ill. Still, his replacement was by no means withont tnterest: another young Russian prizewinner, just 20, and gifted with e technique of extraordinary resilience.

Vadim Repin has black hair, a broad, high-cheeked Tartar profile, and – more significant for his performance of the Prokofiev First Concerto – e notably powerful physiqne. He strode into the opening with enormous confidence, and kept the technical brilliance coming to the last high trill. To watch Repin tackle e piece of tricky figuretion is nearly es instructive as to listen: tha bow-arm flashes, the vigour of movement is startling. He can throw off broad, full-voice phrases with absolute ease; he can ba dashing at speed (Gergiev and the LSO sometimes had a job keeping up); technically, tbere is nothing he cannot do.

But for all that it was a rather empty experience, since Repin's imaginative faculties have plainly not kept in step with his technique. The enchanted side of the music – *sognando* is tha very first marking – escaped him entirely; there was no fantasy in the phrasing, no attempt to work magical variations of tone-colonr. The reading proved to be in the nature of e snperior circus turn – and both enjoyable and disappointing for just that reason.

*

A rather different eort of young virtuoso set off the final weekend of the new-mnsic festival *Platform 1* et the Arts Theatre, WC2. Rolf Hind, not far into his 20s, is a young English pianist with both brilliant fingers and e razor-sharp musical mind. In e short time he has achieved an enviable repntation in the field of new and recent music; this is a famously stony terrain to cultivate, but last Friday's recital was full of blooms – not just because the programme was well chosen, but because it was delivered with communicative flair and technical aplomb.

He is specially good with coruscating fast figuration calling for speed and taste in equal proportions. Alike in the toccata-like flourishes of Bent Sorensen's *Masque of the Red Death* and Michael Finnissy's *Three English Country Tunes* there were plenty of chances to provide both dazzle and charm. The Lisztian sound-inventions of Anthony Powers's Second Sonata – bell-resonances, tremolando flourishes – were kept vivid and appealing in spite of the slightly dry Arts Theatre acoustics, though the argument seemed unprofitably long-winded.

Best of all, there were choice eccounts, trenchantly timed and characterised, gripping to follow for both sense and sensual enjoyment, of the marvellously appealing Studies 1-8 by Ligeti and the *13 Postludes* of Poul Ruders. The Ruders piece (1989, and written in the wake of the powerful Symphony given at last year's Proms – this was its British premiere) is a connected suite of email forms with sucb subtitles as Ostinato, Duetto, Toccata, and Aria. The subject of each, whether of colour, texture or imitative gesture, is developed with palpable skill and subtlety, with economy of touch and focus: this is "real" piano music, written by e composer who knows the instrument from the inside.

Max Loppert

INTERNATIONAL ARTS GUIDE

EXHIBITIONS

■ AMSTERDAM

Rijksmuseum Indian Miniletures from Paris: 100 pieces from the Fondation Custodia collection, illustrating Mngul histories and Hindu epics from 16th to 19th centuries. Ends Sep 22. Closed Mon
Stedelijk Museum Prints by Charles Meryon (1812-1868). Ends Aug 4. Daily
Van Gogh Museum Japan: Van Gogh's Utopia, examining the influences of Japanese prints end culture on the life and work of Van Gogh. Ends Sep 22. Daily

■ BARCELONA

Fundacio Joan Miro Wols and Cucchi: exhibition of paintings, photographs and illustrated books by tha German experimental artist Otto Alfred Wolfgang Schulze, and installations by tha 'transvanguard' Italian ertist Enzo Cucchi (b1949). Ends Sep 15. Closed Mon

■ CHICAGO

Art Institute Degenerate Art: Tha Fate of tha Avant-Garda in Nazi Germany, featuring the work of ertiets held up for public mockery in 1937, who leter won recognition as mastera of their realm. Thle le a widely-acclelmed exhibition originally mounted by the Los Angeles County Museum. Ende Sep 8. Daily

■ DIJON

Musée des Beaux-Arts Metisse: Masterworks from Nice, an exhibition including many of his best-known paintinge, drewings and sculptura, on loan from the permanent collection in the town where the French peinter found much of his inspiration. Ends Oct 8. Closed Tues

■ DRESDEN

Albertinum Hans Arp and Sophie Taeuber-Arp: paintings, drawings and sculpture by early 20th century Dadaist pioneers. Ends Aug 11. Closed Mon
Zwinger Exhibition of rere Meissen porcelain dating from aarly 18th century. Ends Oct 6. Closed Mon

■ EDINBURGH

Royal Scottish Academy Virtua and Viaion: Sculpture and Scotlend 1540-1990, tracing davelopments since tha aarly days of court patronaga to the strong native school of tha present. Ends Sap 15. Daily

■ FLORENCE

Casa Buonarroti Artemisia Gentileschi (1597-1651/3), follower of Caravaggio and possibly the most famous woman artiet of ell time. The exhibition includes 30 paintings from Italien and foreign museums, together with eeveral masterpieces by her father Orazio. Ends Nov 4. Closed Tues
Museo Nazionale del Bargello The Bronzes of Calliope's Writing Dask: the collection of bronze and merble statuettes built up by Cosimo I de' Medici between 1550 and 1574, and stored in the Scrittoio di Calliope, a emall room used to guard the Grand Duke'e most precious belongings. Ends Aug 25. Closed Mon

■ FRANKFURT

Schirn Kunsthalle From Expressionism to the Resistance: Art in Germany 1909-1936, the Fishman collection. One of the most aignificant collections of German ert from between the wars, with 190 paintings, drawings and sculptures by artists such as Beckmann, Kirchnar, Dix and Meidner. Ends Aug 18. Also Merc Chagall: the Russian years (1906-22), with 250 oils, watercolours, drawings and sketches. Ends Sep 8. Daily
Städel Bruce Nauman: sculptures and drawings 1985-90. Ends Aug 18. Daily

■ LAUSANNE

Hermitage Pierre Bonnard: 150 oils, drawings end sculptures by the French painter (1867-1947). Ends Oct 6. Closed Mon

■ LONDON

Hayward Gallery Richard Long (b1945): sculptures, mud works and photographs inspired by walks in landscapes as varied as Dartmoor, the Himalayas end the Sahara. Ends Aug 11. Daily
National Gallery Guercino in Britain: 27 peintings from Britieh public end private collections by one of the finast 17th century Italian ertists. Ends July 31. The new Sainsbury Wing, designed by Robert Venturi, is now open, housing the Netional Gallery'e fine collection of asrly Renaissence paintings. Daily
Royal Academy The Feuve Landscape: Metisse, Derein, Braque and Their Circle 1904-1908. Ends Sep 1. Daily
Tate Gallery John Constable: largest-ever survey of the English artist'e work. Ends Sep 15. Daily
Victoria and Albert Museum Wish You Wera Here: The Printed Seaside, a collection of traditional and contemporary seaside graphics. Enda Sep 1. Daily
Walpole Gallery The Cinquecento: more than 50 Italian paintinga and old master drawings. Ends July 26. Closed Sun

■ MILAN

Palazzo Reale Filippo de Pisis (1896-1956): an exhibition, drawn primarily from Milanese private collections, of paintings by tha Italian artist. Ends Oct 13. Daily

■ MUNICH

Kunsthalle der Hypo-Kulturstiftung Thought Pictures: Contemporary Art 1960-90. Installationa end paintings by 50 internationally-recognised artists including Doneld Judd, Frank Stella and Bruce Nauman. Ends Sep 8. Daily
Lenbachhaus Franz Gertsch: Monumental Woodcuts 1986-91. Ends Aug 25. Closed Mon

■ NEW YORK

Metropolitan Museum of Art Masterpieces of Impressionism and Post-Impressionism, including works by Gauguin, Cezanne, Ven Gogh, Renoir and Degas. Ends Oct 13. Also The Art of Peul Manship: retrospective of one of America'e foremost sculptors. Ends Sep 1. Also Sculpture of Indonesia. Ends Aug 18. Closed Mon
Museum of Modern Art Ad Reinhardt (1913-67): tha first full-scale retrospective. Ends Sep 2. Also The Gardens and Parks of Roberto Burle Marx, 20th century landscape architect. Also Seven Master Printmakers, ahowing how Hockney, Rauschenberg and others redefined possibilities for print in the 1980s. Ends Aug 13. Closed Wed
Whitney Museum of American Art Hunt Diederich: figurative sculpture and drewings by e long-neglected aarly 20th century artist. Ends Sep 29. Also John Baldessari: retrospective of 22 years of work by a pioneer of conceptual ert. Ends Oct 20. Also American Life: the 20th century American experience as seen in its art. Ends Nov 10. Closed Mon

■ PARIS

Centre Georges Pompidou Andre Breton (1896-1966): the aesthetic world of one of the leading theorists of Surrealism. Ends Aug 26. Closed Tues
Grand Palais Georges Seurat (1859-91): 180 paintings, studies and drewings. Ends Aug 12. Closed Tues
Jeu de Paume Jean Dubuffet: The Last Years. The renovated former temple of impressionism inaugurates its new role as a national gallery of contemporary ert with an exhibition devoted to the founder of art brut. Ends Sep 22. Daily
Louvre des Antiquaires Seating power: the historical development of seats as furniture, including a maharajah'e throne, guilded Louis XIV armchairs and art nouveau chairs. Ends Aug 16. Closed Mon
Trianon de Bagatelle Impressionism in Romania: the influence of French art on four Romanian painters between 1865 and 1920. Ends Sep 6. Daily
Musée Picasso, Hôtel Sale The world's largest collection of Picasso'a work, completed by Picasso'e own collection of paintings by friends such as Braqua and Matisse, and artists he admired, including Renoir and Cezanne. Closed Tues
Musee Rodin, Hôtel Biron This delightful 16th century town housa contains the life work of the sculptor Auguste Rodin. Closed Tues
Cartes musées availabla at all metro stations and museums, to avoid queuing et 60 museums including the Louvre, Musee d'Orsay and Versailles

■ ROME

Capitolina museums and Accademia Valantino Valentino: Thirty Years of Magic. Tha Capitoline musaums (ends July 28, closed Mon) show photographs of Valentino designs, while the Accademie (ende Nov 5, delly) has 300 outfita made between 1960 and 1990 with their original accessories.
Palazzo Ruspoli The Mark of Genius: 100 old master drawings from mid-15th to late-18th centuries, all of exceptionel quality, lent by the Ashmolasn Museum in Oxford. Mainly Italian, with five Raphaels including the so-called self-portrait, and several of Michelangelo'a studies for the Sistine Chapel, but also a delightful Boucher end unusual works by Frans Hala, Fregonard end Ingres. Ends July 28. Daily

■ VIENNA

Albertina Austrian Watercolours of the 19th Century: 70 works documenting the achievements of Austrian painters before the advent of Jugendstil and the Sezessionen. Ends Sep 1. Closed Sun
Kunsthistorisches Museum Gold from the Kremlin: 100 works from the ara of the Tsars, many never seen outsida Moscow, including the gold crown of Peter the Great. Ends Sep 1. Closed Mon

■ WASHINGTON

National Gallery Chardin's Soap Bubbles: three autograph versions of the famous composition of a boy blowing soap bubbles by Jean-Simeon Chardin. Also Robert Rauschenberg (b1925): 150 examples of tha influential American artist'a recent work. Ends Sep 2. Daily

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G7 and the Soviet crisis

IT WOULD be easy, hut facile, to criticise the leaders of the Group of Seven industrial countries for fiddling while the Soviet Union burns. It is burning; but for the moment the G7 can do little more than fiddle. Yet if the leaders believe that their elender six-point programme has put the prohlem of the Soviet Union on hold for any lengthy period, they are in for a rude shock. The plight of the Soviet Union will soon be at the head of the international agenda once more. The leaders should work out now what they intend to do then.

The G7's current plan is to engage the Soviet authorities in an intensive dialogue with both the staffs of the international financial institutions and themselves. They are right to do so. The more enmeshed in such a dialogue the Soviet Union becomes, the more difficult it will be for it to draw back into sullen autarky.

The G7 was also right not to make promises of large-scale financial support. The Soviet Union still lacks the necessary social, political and economic conditions for a enccessful reform or, more precisely – since nobody, including the International Monetary Fund and the World Bank, knows how to secure success – for starting a reform that might prove successful.

Among those conditions is a crisis that renders the status quo no longer an option for any politically influential segment of society. Such a crisis is now engulfing the Soviet Union. The main achievement of Mr Gorbachev in internal economic affairs has been to bring the country closer to that crisis. In terms of Marxian dialectic, the economy's creakiness was the thesis, Mr Gorbachev's botched reforms the antithesis and movement from a measure of stability towards disintegration the synthesis.

Rake's progress

The Soviet economy has followed a rake's progress, in which hyperinflation has moved from the almost inconceivable, to the possihle, to the probable, to the almost inescapable. Once events get so far out of control, they move swiftly. Output is falling at an accelerating rate, internal trade is hreaking down and the fiscal system has collapsed, while monetary expansion is filling the gap. These developments reflect and exacerbate the teneions between the republics and the centre that is the dominant fact of Soviet political life. The day of reckoning is coming closer.

Hyperinflation

That day may even come this year. Difficulties over axternal debt would be ona harbinger. Another would be a take-off into hyperinflation. A third would be still more rapid declines in ontput.

As has heen the case throughout the period of perestroika, the present official reform programme is more radical than the previous one. But each programme has also lagged behind reality, while implementation lags behind each programme. These lags could diminish considerahly, once the need for decisive action becomes avident to almost everyone who matters.

At this point that the G7 will find itself deeply involved, willy-nilly. It will ineist on changes by the Soviet Union in such sensitive areas as the role of the military and the establishment of private property. It will want to see e workahle fiscal and monetary constitution at last. But it will probably feel obliged to offer swift financial assistance as well.

It is easy to understand why the G7 has failed to recognise either the pace of events or their implication. For assistance to the Soviet Union will create horrihle dilemmas. Nobody would want assistance to be at the expense of reforming countries of eastern and central Europe or the developing world. Nobody would want to become embroiled in Soviet internal politics.

Yet the G7 countries need to recognise that Soviet economic reform is reaching the end of its beginning, the destruction of the Stalinist system. The time for comprehensive reform will come quite soon. It is a process in which the west will feel ohliged to hecoma involved. For the alternative to such reform will be either total collapse or a brutal reaction. The west cannot yet act decisively. But it should prepare itself now to act decisively soon.

Unemployment in Europe

LONG-TERM unemployment has plagued most European economies over the past decade. It is economically wasteful and personally disastrous. But most importantly for policy-makers, it is very hard to remove, once entrenched.

Now, with unemployment rising again in many European countries, not least in the UK, governments should reflect on the lessons of the past decade. For, as the latest OECD Employment Outlook states, "experience has shown that if appropriate measures are not taken, a rapid surge in the numbers entering unemployment can he followed hy a durahle rise in long-term unemployment."

Unemployment in the EC rose from 6.4 per cent in 1980 to 10.9 per cent in 1985. But most European governments failed to introduce adequate retraining and re-employment opportunities, As a result, the proportion of the unemployed out of work for more than a year rose to 53.7 per cent in 1989, from 32.7 per cent in 1980.

The long-term unemployed tend to lose their skills, motivation and capacity to work and learn new skills. In 1990, after a record period of sustained economic growth and high vacancies, EC unemployment remained at 8.4 per cent of the labour force. Unemployment in Europe is rising again, from a higher hase than a decade ago. The OECD economic outlook predicts that EC unemployment will rise to 9.3 per cent in 1992.

British problems

The UK is in the vanguard of the afflictad. Yesterday's announcement that unemployment rose by a seasonally adjusted 60,000 in June takes the total rise since March of last year to 695,000. The OECD expects the UK unemployment rate to rise from 2.9 percentage points below the EC average in 1990 to 0.3 percentage points above it by 1992.

Yesterday's report arguas that policy should, crucially, aim to ensure that the newly unemployed maintain contact with the labour-market. Governmants should provide "active" labour market measures: guidanca, counselling and placement servicas – which keep the unemployed searching for jobs.

Yat the OECD report is excessively cantious about direct job creation. It fears that an ont-hreak of temporary-work schemes during the current slowdown will create dead-end, low productivity jobs and divert governments from the longer-term aim of matching the unemployed to jobs more efficiently.

During a recession persistent and fruitless job-search may damage the morale of the unemployed. Yet it is neither feasible nor desirable for governments to re-train everyone who is temporarily unemployed in a recession. There is nothing more dead-end than a prolonged period of unemployment. Work of any kind is better than nothing.

Cosmetic policies

The more important risk is that labour market policies will again prove cosmetic. The UK government, for example, has recently announced a echeme providing places in 1991-92 for 30,000 people unemployed for over six months and 60,000 places in 1992-93. But by April the number of unemployed out of work for over six months was almost 1m.

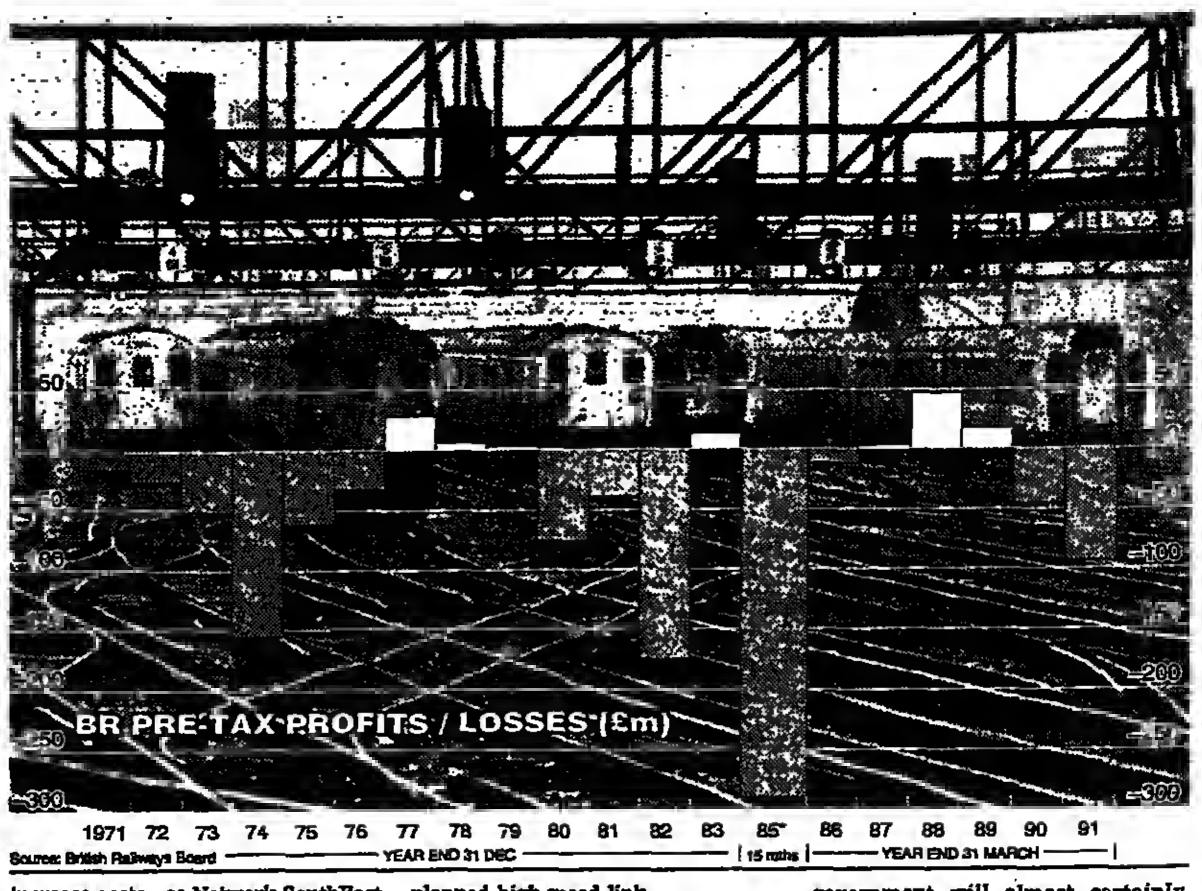
Governments mnst also address the legacy of the 1980s. High and prolonged unemployment has led to under-investment in human capital, particularly among young people.

The young long-term unemployed should all be granted either quality training or temporary employment, with unemployment benefit conditional upon their accepting one of these options. As demographic changes will reduce the number of young peopla entering the labour market over the next few years, the OECD predicts that without such action labour bottlenecks and so wage inflation will result.

The challenge of tackling the legacy of high and persistent unemployment of the 1980s is as important an issue for European economic welfare as the EC single market programma. It is a challenge that most governmants have persistently ducked over the past decade. They can afford to do so no longer.

Speedy British Rail privatisation is growing less likely. **Richard Tomkins** explains why

All the signals are flashing red



Sir Bob Reid, chairman of British Rail, does not go around saying so out loud, but he is no great enthusiast for the privatisation of the railways. It is just as well: for the prospect of an early entry hy BR into the private sector appears to have receded into the far distance.

After a hrief period at the end of the 1980s during which buoyant passenger revenues and rising property profits brought three years of hefty surpluses, the corporatiou has not only slipped back into the red now, hut looks likely to stay that way for a long time.

The question this raises is that, even supposing the political and practical obstacles to BR's privatisetion can be surmounted, who is going to come forward to buy it?

Although a product of the Thatcher epoch, the government's commitment to rail privatisation has grown still stronger since Mr Major took office and installed Mr Malcolm Rifkind as his transport secretary.

Less than three months ago Mr Rifkind was telling BBC Television's On The Record programme: "Certainly, what we hope to see is either the whole of British Rail or a very substantial portion of British Rail in the private sector during the course of the next parliament."

Since then, however, harsh reality has intruded in the form of the annual report for the year to March 1991 showing just how poor BR'e financial prospects remain.

The corporation's hrief flirtation with pre-tax profits had already been interrupted the previous year by a bont of industrial action. In the latest year, pre-tax losses more than douhled from £46.4m to £93.1m.

In the year ending March 1990 BR had been consoled by a third consecutive year of extraordinary property profits which contributed to an overall surplus of £269.8m. But last year property profits slumped hy two-thirds, leaving BR nursing an overall deficit of £10.9m.

BR, of course, is not the only British company suffering in the recession. It would have been the more surprising, it could be argued, if the railways had not dipped into the red.

But only a small part of the hlame can be attrihuted to recession. BR actually carried more passengers last year, producing an 8 per cent rise in receipts. Subsidies, too, shot up by 19 per cent. What caused the pre-tax loss was not a decline in income, but a heavy increase in operating costs and a surge in the interest charges.

Neither of these is going to go away. On the contrary, they are going to get bigger. In the late 1980s, BR made money because it was cramming ever larger numbers of passengers into ageing trains that had long since been depreciated to zero. Spreading much the same number of passengers among a larger number of expensive, new trains does little to increase revenues but a great deal to increase costs - as Network SouthEast demonstrated this week with its decision to claw back an £84m overspend by trimming rush-hour train services.

Meanwhile BR faces a massive bill to catch up on years of under-investment in its infrastructure. To take just some of the bigger headline projects, the London Euston to Glasgow main line is due for a £750m-plus refurbishment; Network SouthEast is committed to spending £700m on trains, stations and signalling for its inner Kent services; and updating the infrastructure in readiness for Channel tunnel services will cost £1.1bn, evan without provision for the planned high-speed link.

On top of this, there is the post-Clapham issue of safety. This is BR'e top priority, and it is excruciatingly expensive. Extra spending over the next decade is likely to exceed £1bn and, unlike most other investment spending, it will deliver a financial return of virtually zero.

While property profits might offer some solace to a prospective purchaser, they will not count for much. BR has already sold off the crown jewels of its portfolio. As for the rest, the privatisation legislation will undoubtedly contain tough provisions to prevent asset-stripping, and the government will almost certainly insist that it should ehare in any windfall property profits eccruing to a private sector huyer.

On the other hand, it never seemed likely that BR would be sold as a single entity. Mr Rifkind has indicated that he would prefer to see BR's business sectors sold off individually as they became profitable.

None, however, seems likely to deliver a commercial return for years. InterCity, the most profitable sector, produced a current cost return of nil last year. Railfreight – which, like InterCity, receives no subsidies – turned in losses of £53.6m.

The outlook for the two subsidised sectors is worse still. Network SouthEast is supposed to be working towards an elimination of its government subsidy. Instead, it increased its call on the taxpayer last year from £80m to £142.7m. Regional Railways' subsidy rose from £484.8m to £528.8m.

As Sir Bob was heard to remark when the results came out, there are only two ways BR's financial performance can be improved sufficiently to attract a private-sector purchaser. One is to procure swingeing cuts in its cost base. The other is to allow it to charge market-related fares instead of pegging them at the rate of inflation.

Neither seems likely to happen. On the cost side, most of the big strides in productivity were made during the 1980s, and the survival of the once-threatened Settle-Carlisle line shows that the government lacks the stomach for closing loss-making routes. On revenue, any government which gave BR leave to introdnce the massive fare increases needed to make the railway profitable would risk political suicide.

What seems increasingly likely, therefore, is that the privatisation commitment will be fulfilled through a piecemeal sale of BR's more attractive operations. The coal trains that feed the power stations, for example, could be sold to the power generators; the Gatwick Express could go to BAA, the airports operator; and the Channel tunnel expresses could go to Eurotunnel.

The clear disadvantage of this option is that the loss of BR'a most attractive eervices would further reduce the profits of the rump of the railway, so delaying – and possibly eliminating – its eventual privatisation.

There is an alternative. One reason why so much of BR is unprofitable is because the cost of maintaining, operating and improving its track infrastructure is so high. If ownership of the infrastructure were separate from ownership of the trains – just as it is in the case of vehicles and roads, aircraft and airports, ships and ports – the train services themselves could be privatised in great swathes.

Mr Rifkind and BR are united in their hostility to such a separation. BR says the trains and the tracks are indivisible for operational reasons and Mr Rifkind believes a track-owning authority, whether in the public or private sector, would be a big, inefficient monopoly.

Indeed, the creation of such an anthority would pose severe regulatory prohlems of the kind already experienced with British Gas and BT. But it would delight the European Commission, which has advocated it for all EC railways as a way of making it easier for new, private sector train operators to enter tha market and, given the options of a messy privatisation or none at all, Mr Rifkind may yet have to consider it further.

The Japanese experience

Lonely is the path to railway privatisation. Outside Britain, the only country in the world to have attempted it on a national scale is Japan. But there, at least, experience may give the British government fresh heart, writes Richard Tomkins.

Five years ago, Japan National Railways' situation looked hopeless. Loss-making since 1964, it had been bailed out of its financial difficulties hy annual loans from the government. While these had kept the railways going, they had accumulated to the point where, at more than $200bn, they were greater than the entire national debt of Brazil.

The cost of servicing this debt was plunging the railways deeper and deeper into crisis. But writing the debt off was tricky – not least because it would have given JNR an unfair advantage over the many small railway companies already in the private sector.

The solution adopted was to split up the railways, sell them to the private sector, and use the proceeds to pay off the borrowings. In April 1987, therefore, the larger part of the debts passed over to the JNR Settlement Corporation and the railway operations were split hetween six regional passenger railway companies and a national freight company.

Adverse stock market conditions have held up the planned flotstion of the companies, hut they are already showing how profitable running a railway can be. Immediately before privatisation, their losses had been running at $10bn a year. In the financial year just ended, their combined profits amounted to $2.6bn.

Debt relief is only one reason for the turnaround. The companies have also been helped by a massive reduction in the workforce from 470,000 a decade ago to less than 200,000 now.

But Mr Shuichiro Yamanouchi, executive vice-president of JR East, the biggest regional company, says there are other factors at work. The pre-1987 decline in passenger traffic has been halted and turned into annual growth of nearly 5 per cent, he says. As a result, income has risen 26 per cent in the last four years without an increase in fares.

Mr Yamanonchi says passengers have been lured back to the trains because surly and strike-prone employees have become helpful and enthusiastic. JR East has also invested in smart new rolling stock and introduced a range of up-market services, apparently with considerahle success: yon have to book a month ahead to be sure of a seat on JR East's luxury panorama train from Tokyo to the picturesque Izu peninsula.

All this has taken place without the need for competition between different owners' trains on tha same tracks. Privatisation Japanese-style leaves the railway companies themselves to decide whether they want to allow access to other operators' trains. On the whole, they do not. Mr Yamanouchi says competition from road transport, the airlines and the smaller private railways is quite tough enough to keep them on their toes.

Could the Japanese experience be translated to Britain?

There is plenty of room for doubt. Japan's mountainous interior means much of the country's urban development is concentrated in densely-populated corridors along the coast. A concomitant is that high land prices, particularly in Tokyo, result in people living far from where they work.

Add to that the country's high economic growth rate and the difficulty of travelling by congested roads, and it is not hard to understand why passenger loadings per route mile, at least on the Honshu mainland, are many times heavier than anywhere in western Europe.

Significantly, too, not even Japan's railways envisage a day when the returns from train operation will be high enough to cover the cost of building new lines. Thus, although JR East is building a Y600bn line from Takasaki to Nagano, it is only because 35 per cent of the cost is being met by central government and another 15 per cent by local authorities. Public/private sector co-operation on this scale is undreamt-of in Britain.

OBSERVER

Out of the frying pan

■ Late last month a little known Bank of England official walked out of the Blue Arrow hearing in London's Old Bailey. Suitcase in hand, he went straight to Heathrow and flew to Hong Kong to take a cushy-seeming hut important secondment as the colony's banking commissioner.

David Carse, a supervision manager at the Bank, thought he had left hard times behind him – ha had been giving evidence for three days in the Blue Arrow case, generating headlines such as "top Bank official denies attempt to defend NatWest" and "Senior Bank men are accused of conspiracy".

He was reckoning without the BCCI collapse two weeks later when he failed to close the bank'e Hong Kong offshoot, BCCHK, immediately after the Bank of England's international clampdown.

That delay has led to mounting puhlic criticism, and raises questions of why the Bank's remit did not extend to Hong Kong. Consequent uncertainty culminated this week in a run on other banks, and large demonstrations by depositors who clashed with police when BCCHK's imminent liquidation was announced.

The man who is sitting pretty through all this is Tony Nicolle, Carse's predecessor. Nicolle is on leave enjoying a period of "sanitisation" before he returns to the colony and a much grander lifestyle as Standard Chartered's area general manager for Hong Kong and China.

On the slipway

■ If Sir Samuel Cunard had sold his shipping business during his lifetime, it would have been a bad day for the port of Liverpool. But Trafalgar House's Sir Nigel Broackes is not Sam Cunard, and Trafalgar House's sale of its Liverpool cargo shipping operations to P&O is just the latest chapter in the sad decline of a once great British shipping company.

Bill Slater, who started with Thos & Jno Brocklebank and rose to hecome managing director of the Cunard Steamship Company, admits being rather sad. But as chairman of the Mersey Docks and Harbour Company, he says Cunard's departure will have no impact on his port. It has been profitable for several years now. Traffic rose hy 3m tonnes to 23m last year, and the recession is not having much impact.

Liverpool is once again pinching husiness from ports like Felixstowe, which just might have something to do with the fact that it's no longer dominated hy shipowners like Cunard.

Ants bite back

■ "Fabulous" is the mot juste for Tokyo's latest response to French Prime Minister Edith Cresson's charge that the Japanese are like mindlessly striving ants, undermining civilised Europe with their workaholism. Her repetition of the simile on tv this week has prompted Japan's cabinet spokesman Misoji Sakamoto to counter with Aesop's Fables.

"Ants are better than grass-hoppers," he declared, "and that has always been true because Aesop's Fables say so." The grashoppers in the case were too lazy to build food stocks in summer and so starved when winter came, whereas the ceaselessly diligent ants ate well.

Even so, the quotation holds a crumh of comfort for France's guardian of European civilisation. It lies in the fact that Sakamoto quoted the ancient Greek Aesop as the fount of true wisdom instead of one of Japan's own fable-writers who date back 1,200 years and more.

By contrast, Aesop was introduced to them hy Jesuit missionaries a mere four centuries ago.

"I go to summits because they're there."

Wrong angle

■ Can Britain's biggest company BT really need yet another group managing director? It would do much better to find itself a new chairman or new chief executive.

The 48-year-old Iain Vallance does both jobs at present and for all his growth in stature since privatisation, it is increasingly clear that he should be either one or the other, hut not both.

Separating the posts would be highly appropriate in BT's current situation. It is in the midst of a long overdue cost-reduction programme, which is leading to far-reaching organisational changes, at the same time as facing major regulatory challeoges while the Government is planning to sell a big chunk of its remaining stake in BT.

The last time the company had a group managing director, he was abolished on grounds that a reorganisation had left no job for him to do. Now BT has hired headhunters to find a highly paid replacement, hut despite a long trawl of the employment exchanges during the deepest recession in decades, the prize fish has failed to pop up.

Why not give the chairmanship to a political infighter like Norman Tebbit, and let Vallance get back to running the husiness? It could even save some money.

Teetering

■ Still on the subject of group managing directors, the reshuffling of jobs at the top of the teetering Brent Walker empire smacks of desperation. In comes Ken Scohie – a veteran of 21 corporate rescues according to his press release – although it's far from clear whether he is the bankers' favourite salvage man.

Nevertheless it seems to be e case of all hands to the pump, and although outsiders might have mistaken Nicholas Ward for chief executive, he is in fact group managing director. One thing both men have in common is that both are seeking special compensation after bustups with their their previous employers. Not the most reassuring of signs.

For his next act

■ Poor Mikhail Gorbachev. After Observer's suggestion yesterday that his name be given to one of the newly discovered fast pulsars – one-time stars that go round in circles at hewildering speed – he's being asked to throw his hat into yet another ring.

The 60 artists (not to mention nine Cossack horses) staging Moscow State Circus's summer season in London have begged him to help save their show, at risk of folding because of low audiences.

A mirror image of the 1960s

Lionel Barber examines the nomination of an avowed black conservative to the Supreme Court

For one fleeting moment last week, Judge Clarence Thomas's hopes of ascending to the US Supreme Court risked disappearing in a cloud of marijuana smoke.

By his own account, Judge Thomas took "several puffs" of a marijuana-laced cigarette during college in the late 1960s. Fortunately, he disclosed his experiment to the FBI during a background check two years ago, when he was elevated to the Federal Court of Appeal.

The whiff of scandal may have passed, but the debate over President George Bush's nominee to the Supreme Court will become more acute in coming weeks. If confirmed by the US Senate, Judge Thomas seems certain to reinforce the pronounced conservative tilt of the court, refocusing public debate on the volatile issues of abortion, civil rights and race.

The race issue is particularly poignent becuse Jndge Thomas, who, broadly speaking, is a self-avowed black conservative, is set to replace Justice Thurgood Marshall, the first black to sit on the Supreme Court and one of the great liberal forces of the post-second world war era.

Unconsciously or not, Mr Bush has thus set the stage for a clash between two competing visions of black America. Judge Thomas's nomination has polarised the black community: some groups, such as the Congressional Black Caucus, feel he is not fit to continue Marshall's liberal legacy; others, such as the National Association for the Advancement of Coloured People, are more ambiguous, welcoming his prospective elevation but nervous about endorsing a self-styled conservative.

As a political move, the nomination has had distinct short-term benefits for the Republicans. Democrats have found it hard to criticise the selection of a black representative on the bench, especially a man such as Judge Thomas who grew up dirt-poor in segregated Georgia. So far, they have been wary of overt criticism, and are waiting for further detail of his political beliefs to emerge before going on the offensive.

Supreme Court nominations occupy a special place in American public debate because the nine justices have the power to review and strike down state and federal law. These powers — reinforced by life tenure for the justices — give the court a decisive role in shaping the great moral and political issues of the day.

This was certainly the case in the 1950s and 1960s when the court entered areas where many politicians feared to tread. Virtually single-handedly it took on the segregationists in the south by opening public schools and universities to blacks, paving the way for civil rights legislation under President Lyndon Johnson.

In more recent years, however, the moral euthority gained during the civil rights era has given way to public suspicion that the justices were exceeding their brief. Decisiona on bussing as a means of racial integration set off a backlash among whites in cities such as Boston, New York and Chicago; affirmative action programmes for minorities unleashed court challenges by whites who complained about reverse discrimination and "job quotas" for blacks. And the constitutional right to an abortion — as set out in the landmark Roe v Wade ruling in 1973 — proved bitterly divisive.

What is less widely appreciated is the extent to which the liberal judicial activism of the court under Chief Justice Earl Warren in the 1960s affected blacks' views of their place in society. In the past 10 years, however, the kind of racial integration which white politicians and judges (and Justice Marshall) crafted has come to be seen as only partially successful in addressing black problems.

In a nation which is 12 per cent black and 84 per cent white, there were, in 1986, more black prison inmates than white or Hispanic, according to the Department of Justice. By the late 1980s, according to the Bureau of the Census, most black families were headed by single or separated women; the National Centre for Health Statistics reported more than 60 per cent of black children were born out of wedlock.

The emergence of a black middle-class offsets this gloomy picture; but there are plenty of signs that the black middle class remains frustrated at its lack of economic power relative to whites. "Increasing numbers see integration simply as window dressing; blacks may be present and visible," wrote Mr Juan Williams in the Atlantic Monthly magazine in 1987, "but only a few have any real power". Little has changed.

Enter Judge Clarence Thomas, inspired by a sharecropper grandfather who could barely read, and taught by nuns who showed him the self-reliance and bard work that enabled him to make it to Yale Law School. From there, he secured a place on the staff of Republican Senator John Danforth of Missouri; by his mid-30s, he was chairman of the Equal Employment Opportunities Commission — a rare black conservative in the Reagan administration.

Conservative writers such as Mr George Will believe they have found a true hero in Judge Thomas, someone who can challenge those civil rights liberals who portray blacks uniformly as victims deserving of government entitlements. "The Democratic party today is organised around that," said Mr Will recently. "Clarence Thomas threatens it, intellectually and politically, by presenting a different model of black experience."

The truth appears a little more complicated. Judge Thomas may rank as a black conservative, but he used to be a goatee-bearded supporter of Malcolm X, the writer and civil rights campaigner of the 1960s. Twenty years on, he can still quote the black revolutionary from memory on the subject of economic independence: "Let the black people, wherever possible, however possible, patronise their own kind, hire their own kind, and start in those ways to build up the black race's ability to do it for themselves."

This "equal but separate" doctrine shows that Judge Thomas is not easily categorised. Moreover, although he was raised a black Catholic, he is married to a white woman, his second wife. He once studied to become a Catholic priest, but he and his wife now attend Episcopal services. "He is a walking identity crisis," said a black friend.

A fairer picture emerges during his years as assistant secretary for civil rights in the Education Department and chairman of the Equal Employment Opportunities Commission, where he was the top federal official charged with curbing discrimination in the private sector.

Judge Thomas let loose diatribes against what he called "race-biased remedies" for society's problems; but, as Mr Williams points out in his profile, Judge Thomas's wrath was focused more on opposing group remedies than against securing individual redress for injustices at the workplace.

Judge Thomas was also outspoken in his condemnation of the Reagan administration's record on civil rights, particularly its efforts to offer tax breaks to colleges that axclnded some minority groups. Nor was he under any illusions about some of his colleagues. "I prefer dealing with an ont-and-out racist anyway to anyone who is racist behind your back."

It is quite conceivable that Judge Thomas may surprise some of his prospective conservative colleagues on the Supreme Court. This is not just a matter of age (Judge Thomas, at 43, is not yet half the age of the outgoing Justice Marshall); it also reflects the experience of a man who has seen his sister and her children go on welfare, who, if appointed, could serve on the bench until 2025.

This may paradoxically help tha Democrats. Mr Kavin Phillips, a conservative political analyst in Washington, points out that the Democrats could use the Thomas confirmation battle to finally "get off the loser sociology", with its racial quotas, civil rights lobbying and social engineering of the 1960s. Fighting these battles in the 1990s is about as damaging to the Democrats as the "Loony Left" was to the British Labour party in tha 1980s, says Mr Phillips.

In his view, the Democrats should nse the Thomas nomination to fight on emerging issues anch as freedom of choice on abortion. Such matters have been raised by recent decisions imposed by the conservative majority on the court which, Mr Phillips suspects, has begun to tilt too far right for many Americans.

This is a mirror image of the Warren Court in the 1960s. How ironic if Judge Thomas — Mr Bush's subtle assault on the liberal tradition — turned out to be a bonus for the struggling Democratic party.

Joe Rogaly

Labour in prison

I am not going to add to the mountain of comment on this week's G7-plus-1 meeting in London. Just say it was too much Gorbachev and too little hard work on the Gatt — the promise to try harder on the Uruguay Round is a mere promise. Mr John Major avoided flamboyance and demonatrated both a growing sense of authority and a command of his subject. His impressive performance will benefit the Tories. That's enough summit.

Think, instead, about Pentonville prison. I was reminded of its existence after Peter Costain, group chief executive of Costain Group, led a party of executives from Whitbreads, Bowater, Samuel Montagu and their like on a visit to this Victorian building in north London. They had received invitations from the Prince of Wales, president of Business in the Community. Unasked by the heir to the throne, I retraced their footsteps on Tuesday.

It quickly became clear that Britain is divided about how to treat its convicted criminals. My host at Pentonville was Mrs Christine Ellis, the governor in charge of inmate activities. When she reveals her profession to civilians half of them accuse her of beating the offenders with rubber truncheons and the other half denounce her for failing to do so. This is why prison reform of any kind is not an issue of great attraction to politicians. There was a moment when it became fashionable after Lord Justice Woolf reported on the riots at Strangeways, but that vanished with the Gulf War. To his credit, Mr Kenneth Baker, the home secretary, may have revived the topic with his speech on reform yesterday.

The government'a twin-track policy — incarcerate violent criminals but seek to keep minor offenders on short sentences or out of jail — is wholly defensible. Conditions in today'a prisons are slowly improving, from a low base. In Pentonville there is an effort to allow as much out-of-cell time as possible; the days of being locked in for 22 hours, three to a cubicle, are numbered. Nothing could make those 19th-century iron corridors, constructed in tiers, pleasant, but there is a visible programme of installing toilets, so that the end of slopping-out may be in sight.

In spite of Mr Baker's protestations, one great failing is the lack of inmate activities for managers like Governor Ellis to supervise. On Tuesday there were jobs available for about half the convicted prisoners; most were for cleaners, or kitchen-hands or other internal domestic posts. Of some 600 convicts, 32 were in full-time adult education. Another 33 were working on a contract in the tailors' shop, which has 80 places. Since the pay averages £2.75 *per week* the unpopularity of the sewing machine lines is understandable. The other contract workshop was closed for lack of contracts.

The same is true of most prisons. There are about

Paying prisoners properly could eventually save taxpayers' money

45,000 inmates in British jails at any one time; Prison Service Industries and Farms (PSIF) has some 15,000 places, of which around 9,000 are taken up. The Home Office is trying to save money by reducing the number of PSIF jobs available. It would do better to increase the pay to the £10 per week recommended by Woolf and thus improve the productivity and profitability of its in-bousa workshops and farms.

The chief executives also saw the "jobs club" run at Pentonville by the Apex Trust. It is a carpeted area next to an attractive library, complete with CV advice service, "roll of honour" for successes, and busy instructors. The department of employment pays for it — and there lies the problem. Just 10 minutes on the Whitehall grapevine tells you that one reason the training and employment of prisoners is inadequate is that every proposal becomes a matter for rivalry between the Home Office and the employment and education departmants. Another is the continuing unrest in the prison service: according to Mr Baker, there are industrial disputes et some 50 prisons right now. There were three such disputes in progress in Pentonville on Tuesday. Perhaps that is why it was not overcrowded.

Enter Ms Emma Nicholson, a Conservative MP and, more to the point, e lady steeped in the tradition of public service. She has persuaded the House of Commons select committee on employment to report specifically on jobs in prisons and for ex-offenders. Sbe wants the Department of Employment to run employment and treining programmes inside prisons. The Home Office is not in agreement. Apex wants prison governors, not the nationalised PSIF, to organise work and training within their own establishments; this, too, is not well thought of by the home office. As to the commercial rigour of all such proposals, forget it. We are dealing with a pnblic-sector culture.

I have no basis upon which to judge the fine points of the territorial disputes between the departments. What does seem plain is that such evidence as exists supports the common-sense notion that keeping prisoners occupied keeps them from making trouble, while equipping them to find jobs is likely to reduce the chances that they will commit further crimes after release. Apex claims that an ex-offender with suitable work is three times less likely to re-offend than one who is unemployed. The Home Office could set np a pilot study to prova or disprove this.

Paying prisoners properly for proper work is not mollycoddling them: it could eventually save taxpayers' money. Apex studies of in-jail contract work in France, Germany the US and elsewhere suggest that the best way is to pay a full wage, deduct rent and something towards victim compensation, and hold a bit back for release day. But to get there, politicians need a push from everyone — Costains, Woolf, Apex, Business in the Community, Mrs Nicbolson and her committee, Uncle Tom Cobbleigh, and even the lonely prince in his gilded cage.

LETTERS

Opinion polarised by peers' move to re-open export insurance sell-off

From Mr John Hollows.

Sir, Two weeks ago Mr Peter Lilley, the trade and industry secretary, announced (International Company News, July 2) that the Dutch agency, NCM, was the preferred purchaser of the Insurance Services division of the Export Credits Guarantee Department.

Notwithstanding the lively debate which has attended this issue over the last 12 months, this announcament was greeted with much relief in many quarters. It removed one element of uncertainty for the division's staff and customers alike.

We were concerned, therefore, to study your report (Parliament and politics, July 17) to the effect that some peers are calling for the tendering process to be re-opened.

NCM is a successful and well-established European credit insurer. There is no good business reason to question its suitability as against any of the other parties mentioned in this connection.

The key and overriding issue is rather what support government will continue to provide to the privatised ISG for political risk reinsurance. UK exporters deserve no less support than Dutch or other continental European exporters.

The limited concessions announced by the government last week, in response to the amendments proposed to the enabling Bill by Lords Williams, Trefgarne and others, are welcomed by this association.

We would encourage their lordships to press home their advantage by ensuring that government commitments to support UK exporters are specific and firm.

John Hollows,
deputy chairman,
British Exporters Association,
16 Dartmouth Street,
London SW1

From Mr Peter Frankel.

Sir, The peers are showing sense and responsibility in assessing the proposed changes to the whole system of providing support through insurance to exporters of British goods. There is, however, a need for further clarification. The intent to privatise Insurance Services is unfortunately not recognised as being the greatest potential danger to the capacity of small- and middle-sized exporting organisations to export more and help balance Britain's payments and strengthen its economy.

There is no similar case in the world where a government is prepared to sell off the one specific and significant support that it has provided to exporters for many decades. To consider allowing a foreign company to have any control is beyond belief.

The peers are right to call for the insurance group tender to be re-opened, but there should definitely be e rider attached that no company outside Britain or not fully British controlled would be permitted to tender. Obviously a withdrawal of the whole concept of selling Insurance Services would be far more constructive.

Peter Frankel,
Keys Trading International,
Elmstead,
Chapel Road,
Limpsfield Common,
Surrey

Crucial factors in assessing monetary target trends

From Professor Tim Congdon.

Sir, In his letter (June 27) Professor Wynne Godley claims thet the government did not follow broad money targets at all closely in the early 1980s. Prof Godley'e conclusion is misleading and must be corrected. Unfortunately, the key points are rather technical and detailed, and cannot be covered properly in a short letter. Suffice to say that Prof Godley has overlooked the following:

1. The reclassification of the Trustee Savings Banks to the monetary sector in the fourth quarter of 1981, which added 10.7 per cent to sterling M3.

2. The Civil Service strike in 1981, which delayed tax payments, and artificially increased public sector borrowing and monetary growth. The PSBR and monetary growth were correspondingly lowered in 1982 and 1983 when the tax arrears were paid.

3. The scrapping of the "corset" restriction on bank balance sheets in the summer of 1980. This had the effect of adding about 6 per cent to sterling M3, even though it had little economic significance.

The implied figurea for underlying monetary growth are given in the accompanying table. Underlying monetary growth was within a 10 per cent to 12 per cent band for most of the time, not all that far from target.

There is no doubt that monetary policy was organised with the objective of meeting the targets. For example, it was conscious practice to adjust funding every few months to bring monetary growth closer to target. This practice, and broad money targets, were abandoned in 1985. In the next three fiscal years (ie, 1985-86, 1986-87 and 1987-88) the growth of sterling M3 rose successively to 16.5, 18.7 and 20.8 per cent. There was a very clear break in monetary trends because of the 1985 decisions. The monetary acceleration was followed by a boom in 1987 and 1988, and then by the inflationary surge of 1989 and 1990 from which we are only now emerging.

Tim Congdon,
Lombard Street Research,
c/o Gerrard & National,
33 Lombard Street,
London EC3

Recorded growth and targeted range of sterling M3(%)

	Recorded growth*	Underlying growth†	Target‡
1980-81	17.9	11.5	7-11
1981-82	12.6§	11	6-10
1982-83	11.9	13	8-12
1983-84	8.3	8.5	7-11
1984-85	11.9	12	6-10

* Increases in seasonally adjusted sterling M3 in years to first quarter, ie fiscal years, roughly; †Approximate; ‡Set in Budget of year in question; §Adjusted for re-classification of TSBs. Source: Bank of England Long Runs of Monetary Data, 1988 edition

VAT refunds hard to come by in the UK

From Mr David M Love.

Sir, John Thornhill's article, "Retailers back VAT reclaim plan" (July 15), aroused my interest.

As a UK citizen resident in Switzerland I am both aware of, and eligible for, refund of VAT on purchases made in the UK. However, many of the UK retailers seem to be unaware of (or unwilling to operate) the scheme for overseas visitors.

This indifference by the retailer is demonstrated by the fact that many major retail stores (including Marks and Spencer) are unable to provide the Customs and Excise VAT documents to enable the visitor to claim the rebate.

For example, at the time of our relocation to Switzerland, Marks and Spencer was unable to furnish the necessary VAT documents to facilitate the rebate on several "new items" which were exported on our behalf.

At e time when the UK economy is declining, tha retail trade should welcome foreign spending and ensure that the visiting customer is *offered* the facility of the VAT rebste scheme.

Perhaps the additional 17.5 per cent discount bonus would allow a larger proportion of visitors to benefit from more financially attractive shopping in the UK.

David M Love,
Eigenweg 2,
CH-4107,
Ettingen,
Switzerland

Why not stick to the facts?

From Mr S R Haswell.

Sir, May I suggest that when reporting the remuneration of chairmen of public companies you replace the word "earned" with "was paid".

The latter would be a statement of fact while the former is a matter of opinion.

S R Haswell,
4 Ferndale Drive,
Kenilworth,
Warwickshire CV8 2PF

Fax service
LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

FINANCIAL TIMES
Friday July 19 1991

Founder of Japan's new religion celebrates his birthday with an audience of 50,000

Many happy returns for RO's institute

By Robert Thomson in Tokyo

THE Institute for Research in Human Happiness is on the fourth floor of a Tokyo office building. The staff, much like any other Japanese employees, work at long desks flooded with fluorescent light, and the young men wear small lapel badges with the initials "RO".

"RO" stands for Ryuho Okawa, a former desk man at a general trading house, Tomen, who has gone as far as any Japanese office worker could hope to go.

He now claims to be God's "guiding light", and has collected the wisdom of traditional faiths and modern empiricism in a new religion called "Happy Science".

Happy Science is to be taken seriously. Two of Mr Okawa's works are among the top five best-selling books in Japan this year, stickers advertising the religion are on the back of most Tokyo taxis, and on Monday night, 50,000 people crowded into the Tokyo Dome to listen to his teachings and to celebrate his 35th birthday.

"I am Ryuho Okawa, but I am not Ryuho Okawa," he said, having descended a flight of floodlit stairs with eerie music accompanying him.

"By the end of this century, I will make all Japanese believers."

The birthday party included a parade of celebrities who firmly believe in Mr Okawa, and the unveiling of a huge portrait of the "man" himself, a portrait remarkably similar in style to that of Chairman Mao still hanging above the entrance to the Forbidden City in Beijing.

Spreading happiness: Ryuho Okawa, leader of the 'Happy Science', at a recent meeting

Happy Science claims 1.5m members, almost double the number of two months ago, and reckons that one of Mr Okawa's 150 or so works, a review of the 16th century French soothsayer Nostradamus, has sold more than 3m copies. The devotees include a few of my friends and, after an intense advertising campaign in recent weeks, virtually every Japanese has heard of Ryuho Okawa.

Mr Okawa's works are a clearly written, sometimes mystical blending of Buddhism, Confucianism, Christianity, Shinto, Islam and other religions and philosophies, and include the thoughts of Abraham Lincoln, Henry Ford and Julius Caesar, among others.

His writings apparently have appeal for the simple reason that a Japan with material wealth is suffering from an acute sense of spiritual poverty – as Mr Okawa says, "navigation without a chart is unnerving".

For many Japanese, the intense spirituality of pre-war Shinto, which included worship of the Emperor as a God, was replaced by a "build-a-strong-Japan" drive with a semi-spiritual flavour. Japan has since become strong and, meanwhile, several established religious groups have been tainted by scandal.

Recent controversies include tax evasion on tombstone sales and shrines turning their grounds into commercial car parks, all of which have made many young Japanese cynical about the new movement's motives.

Happy Science also appeals to a Japanese sense of destiny, as it claims that at certain periods of history, certain "great civilisations" produce an inordinate number of prophets, and Japan in 1991 is such a place. The movement's literature implies that Mr Okawa's position in the pantheon is as the "great guiding spirit of light" of the modern age.

If nothing else, Mr Okawa is well-read. His workmates at the trading house remember him as a bookish type, and his Happy Science texts reflect a familiarity with the works of Albert Einstein, William Shakespeare, Max Weber, the German sociologist, and Dante.

The movement has come under increasing scrutiny in the Japanese press, which has concluded that Mr Okawa may have quit the business world five years ago, after "a Great Revelation", but he still knows how to make money. Mr Okawa, who studied international finance at New York University after graduating in law at the University of Tokyo, is not accused of living the high-life, but the book proceeds and monthly membership fee of Y1,000 have accumulated quickly.

His movement needs money to fuel a saturation advertising campaign – it has begun to sponsor Japanese television programmes – and to realise its ambitious goals for international expansion.

The "factory of happiness", as it is called, has produced about 10 of his books and pamphlets in English and, on Monday night, Mr Okawa told his followers that they must hurry in spreading the word if the target of 10m recruits by mid-1994 is to be realised.

Iraq's defiance of UN 'intolerable'

By David Fishlock, Science Editor, in London

MR Thomas Pickering, the US ambassador to the United Nations, yesterday described Iraqi defiance of UN ceasefire terms as "intolerable" and said it could not be allowed to continue.

Charging Iraq with obstructing UN efforts to expose its nuclear programme, Mr Pickering told a congressional hearing in Washington: "Iraq must not miscalculate a second time. Its pattern of reckless defiance of the expressed will of the international community is intolerable."

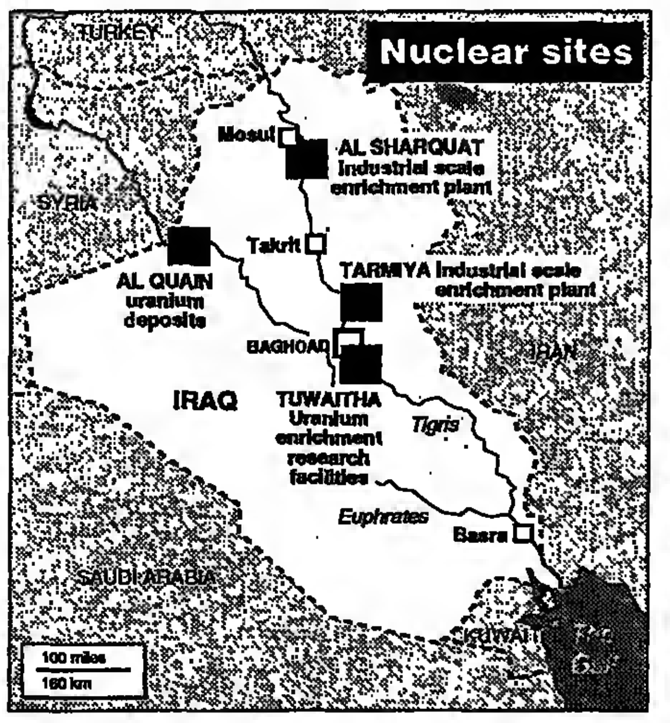
In a separate development, Iraq is to be reported to the United Nations Security Council for deliberately concealing nuclear technology from safeguards inspectors of the International Atomic Energy Agency.

This was decided at an emergency meeting of the IAEA's governing board in Vienna yesterday.

It is the first detected case of a violation of the terms of the Nuclear Non-Proliferation Treaty since it was negotiated in 1969.

Signatories to the NPT, under which non-weapons states pledge themselves not to research, design, make or test nuclear weapons, also agree to be policed regularly by the IAEA inspectors.

The agency's inspection team, led by Professor Maurizio Zifferero, have visited about a dozen sites disclosed by the Iraqi government, and found four to be of special interest, of which only one was previously known to them.



The known site is Tuwaitha, 30km south of Baghdad, where Iraq has built two research reactors under IAEA safeguards.

The inspectors have now found uranium enrichment research facilities there. Uranium enrichment is the physical process of increasing the proportion of the fissile uranium-235 isotope from its natural level of about 0.7 per cent. It is generally considered to be one of the most difficult and demanding of all industrial processes, even to reach commercial enrichment levels of about 4 per cent for reactor fuel, but especially to reach the 90 per cent or more needed for a weapon.

Two further Iraqi disclosures are sites for a pair of industrial-scale enrichment facilities, of almost identical design. One is at Tarmiya, 60km north west of Baghdad, and the other at al-Sharquat, 200km north of Baghdad. Both sites were bombed during the Gulf war.

What has caused greatest surprise is Iraq's choice of enrichment process, namely the electromagnetic process, developed in the US during its wartime Manhattan Project to make the first nuclear bombs, but quickly abandoned in favour of the faster and cheaper gas diffusion process.

Both processes require very large factories and power supplies, making concealment difficult.

A greater worry for safeguards inspectors has been the gas centrifuge process, perfected after the Second World War, which requires much smaller machines and little electricity, and can readily be concealed.

To the IAEA's surprise, Iraq has adopted the clumsy electromagnetic process, and engineered its own version of the US calutron.

Since the calutron is said to take its name from a remark that it was "just another of those *trons* from California", the Iraqis have given their machine the name *baghdadtron*.

Best estimates made by the inspectors are that five baghdadtrons running for two years would produce 3kg of highly enriched uranium.

The two big factory sites uncovered – although empty – appear to be designed to accommodate up to 90 of these huge electrical separators, supplied with 100mw of electricity.

The main stockpile of yellowcake – uranium dioxide feedstock for enrichment – is at al Qusin, close to the Syrian border.

Swedish group plans $386m UK newsprint expansion

By Andrew Taylor in London

SVENSKA CELLULOSA, the Swedish paper and packaging group, has received permission to quadruple the capacity of its British newsprint plant.

If the project proceeded, it would involve an investment of SKr2.5bn ($386m).

SCA had sought planning permission to increase the annual capacity of its plant at Aylesford, Kent, south-east of London, from 80,000 tonnes to 320,000 tonnes.

The move would make it the second largest producer of newsprint in Britain behind United Paper Mills of Finland which has the capacity to produce more than 400,000 tonnes a year at Shotton, north Wales. It would also reduce the UK's reliance on imported newsprint, mainly from North America and Scandinavia. Imports accounted for about 1.3m tonnes or 70 per cent of the 1.85m tonnes of UK sales last year.

Mr Walter Kornfeldt, project director for the newsprint plant, said SCA would decide later this year whether to proceed with the expansion. "The question is should we go ahead now or a bit later."

He said the plant mainly would supply the London market but was also well situated, close to the Channel tunnel, to export to continental Europe if it chose.

Sales of newsprint in the UK fell by 6 per cent to 438,000 tonnes during the first three months of this year compared to the corresponding period last year.

The decline was due to a reduction in the number of pages being published by national and local newspapers in response to a fall in advertising.

Newsprint producers' margins have been hit as price increases have failed to stick against a background of falling sales and increased competition.

SCA said that the Aylesford plant would use recycled paper to make newsprint rather than virgin woodpulp.

Last year, Britain's Department of Trade and Industry asked newspaper publishers whether they would agree to a minimum percentage of recycled fibre in newsprint.

SCA acquired the Aylesford plant last year when it bought Reedpack, the UK paper, packaging and office supplies group, for £1.05bn.

Cresson Japanese jibe

Continued from Page 1

It is in the content of her remarks, however, that Mrs Cresson has been worrying many of her socialist supporters.

While she may claim that her comments on the Japanese are merely a response to their country's economic aggressiveness, to many French people they carry an unpleasant tone of racist caricature.

Mrs Cresson's views on how to deal with immigrants – her remarks last week on flying them out by the aircraft-load dismayed several of her ministers – have not helped to dispel this unease.

Her private remarks on other ethnic groups have on occasion been still more crude and betray a racism more frequently encountered in the rhetoric of the extreme right-wing National Front or, more recently, of the Gaullist leader, Mr Jacques Chirac.

One of Mrs Cresson's first lines of defence is to complain that the mounting hostility to her reflects no more than macho resentment of the nomination of a woman prime minister.

Nevertheless, the president has already felt the need to stiffen Mrs Cresson's private office, which - partly because of her distrust of the heavily-educated technocrats who form the backbone of the French civil service - has been rated as somewhat lightweight.

A team of advisers has been despatched from the Elysée to work closely with the prime minister's office.

But her steady slide in the opinion polls – she has lost more popularity in two months than any of her predecessors had managed in two years – has raised doubts about President François Mitterrand's wisdom in choosing her to replace Mr Michel Rocard.

BCCI storm grows in UK

Continued from Page 1

culties getting documents and assistance. We have had no co-operation from the Justice Department," he said.

The letter at the centre of the row in Britain was first reported in yesterday's Financial Times. It was sent by Mr Vivian Ambrose, a member of BCCI's UK regional inspection department, to Mr Tony Benn, a Labour MP, who passed to the Treasury.

The Manhattan district attorney said he could not explain why the Justice Department had failed to assist him.

His inquiries also have included efforts to co-ordinate with British authorities. In July 1989 Mr Morgenthau sent his deputy to the annual conference on commercial crime held by the Commonwealth Secretariat in London.

When Mr Morgenthau was invited to London the BCCI case was on the agenda, but when his deputy arrived, BCCI was no longer an item.

Senator John Kerry, a Democrat from Massachusetts, claimed the Central Intelligence Agency had failed to respond to a request two months ago for information on allegations that the CIA had used BCCI for financial transactions. Mr Kerry claimed that "it is obvious to me that the CIA has not told us the full story". The CIA said a response was being prepared.

Mr Ambrose wrote about job losses at BCCI but went on: "The apparent incompetence of the bank's executives and higher management is surpassed only by the widespread corruption and nepotism within its organisation."

Last night, the Treasury said the correspondence "contained unsubstantiated allegations of corruption that were similar to other allegations that had been made in the case of BCCI."

It said the letter was seen by a "junior official". A similar letter had been sent to the Bank of England.

THE LEX COLUMN

Bumping along the bottom

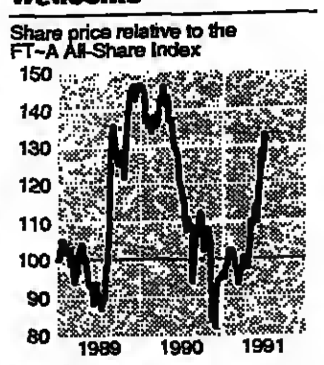
However dire the headlines about unemployment, yesterday's UK economic data go some way to confirming the equity market's sense of impending recovery. On a rolling three-month basis, the 1 per cent drop in manufacturing output over the previous period confirms a steadily improving trend since the 3.3 per cent drop in December. Similarly, the three-month average rise in unemployment for June of 70,000 is in welcome contrast to the 94,000 peak in April.

The 8.5 per cent rise in average earnings might seem at odds with the constraints of ERM membership. But the May figure is now history, and in any case continues a steady decline from the 10.25 per cent peak of last July. More to the point, it appears that jobs may be falling faster than output, judging by the continued modest rise in output per head. This in turn suggests that corporate profits stand to benefit from operational gearing when the upturn finally arrives. That point may not arrive until the tail end of the year, in which case it will not show up in the official data until 1992. But discounting events six or nine months ahead is the market's traditional fonction.

FT-SE Index: 2,547.3 (-13.7)

Wellcome

Share price relative to the FT-A All-Share Index



Source: Datastream

GUS

A retailer that can raise its earnings per share by 7 per cent in the midst of a recession ought to be the darling of the market. But investors have never been fully convinced by Great Universal Stores. The mark-down of its "A" shares by 31p to £12.59 yesterday may have owed something to disappointment of lingering expectations that the paper would be enfranchised following the death of Sir Isaac Wolfson. But after stripping out property profits, the earnings figures were at the lower end of market expectations. There is also the suspicion that the higher pre-tax profits were above all due to a further gain in interest receivable. Income from that source is said to be "somewhat better" than last year's £86m, though, true to form, the company will give no details ahead of its full accounts.

True, margins on its mail order business have improved, producing a 9 per cent gain in pre-tax earnings while turnover went nowhere. The question is whether cutting overheads and marketing expenses is the right strategy when continental competition has reached the UK with the purchase of Grattan by Otto-Versand and Empire by La Redoute. With interest rates falling, GUS will have to rely less on its cash pile in future. The expectation is that it will continue to buy back its non-voting paper, which should squeeze some increase in earnings per share. That should underpin the price; but it is perhaps more disconcerting for investors that the company seems unable to find anything better to do with its money.

Wellcome

Among all the highly-rated stocks on the London market, Wellcome continues to deserve its reputation as one of the most volatile. Yesterday's 3 per cent drop in the shares, in response to a modest development in a US patent dispute, was wholly in character. But the underlying issue is serious enough. The US patent on Wellcome's most important product, the Aids drug Retrovir, is under challenge from a US government agency, the National Institutes of Health. The case is being fought in the courts on the NIH's behalf by the generic drug manufacturer Barr Laboratories. Yesterday's news that the NIH has officially granted Barr the licence to make the drug if it wins the case is trivial enough in itself, but is a sharp reminder of how much is at stake.

On a rough estimate, US sales of Retrovir will account for a tenth of Wellcome's profits this year. But the growth expected from the drug does much to account for the present rating of Wellcome's shares, at about 26 times current year earnings. Barr is on record as saying that it could make the drug 40 per cent cheaper than Wellcome. While there is no obvious reason why members of a commercial duopoly should cut each other's throats in this way, the NIH as a government agency might well press for its version of the drug to be sold as cheaply as possible.

Neither the timing nor the outcome of such a case can be forecast with any confidence. But it comes at a time when the position of Retrovir as almost the sole Aids treatment is under threat from various quarters, such as the Bristol-Myers Squibb drug now being assessed by the US authorities and the Glaxo drug going into US trials next month. Retrovir has seen off the competition over the years; nevertheless, Wellcome's astonishing stock market performance since the turn of the year makes it even more vulnerable to the switchback effect than usual.

British Gas

Western leaders lavished generous attention on Mr Mikhail Gorbachev at their summit this week, but the cheque books were conspicuously absent. So it must be gratifying for Mr John Major that British Gas has at least announced a venture jointly with Gulf Canada and Soviet partners to develop two Soviet oilfields in Siberia. The move is a natural one for British Gas, which faces tight regulatory control over pricing in its home market. Nonetheless, it is a risky diversification given the parlous state of the Soviet economy and its shaky politics.

In theory the prize for British Gas should be a toe-hold in the Soviet market which would allow it to exploit its technical expertise in servicing that country's 210,000km network of dilapidated gas pipelines. The reward would be supplies of gas for distribution elsewhere in Europe, notably eastern Germany, where British Gas has already signed up for projects in Halle and Leipzig, with Magdeburg to come.

But the art lies in securing appropriate financing, given Soviet payment arrears and the current lack of export credit guarantees. Essentially, the venture has to secure control over the output so that it can be sold for hard currency to service debt. Prolonged negotiation, possibly even lasting years, is needed since lending banks also need to be convinced that the venture will actually manage to get enough product out of the ground and shipped to the West. This particular project thus scarcely offers British Gas a quick way of reducing the share of its earnings which are effectively controlled by its regulator.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	27	81	Berlin	S	19	66	Caracas	C	30	86	Faro	S	34	93	Islamabad	F	34	93
Algiers	S	32	90	Biarritz	S	24	75	Casablanca	S	29	84	Florence	S	31	88	Istanbul	S	28	82
Amsterdam	R	14	57	Bombay	R	25	77	Chicago	S	24	75	Frankfurt	C	20	68	Jakarta	C	32	90
Athens	S	33	91	Bordeaux	S	26	79	Cologne	R	18	64	Geneva	S	26	79	Jersey	R	16	61
Bahrain	S	34	93	Boulogne	R	16	61	Copenhagen	F	19	66	Gibraltar	S	27	81	Johannesburg	S	18	64
Bangkok	F	35	95	Brussels	R	16	61	Corfu	S	31	88	Glasgow	C	16	61	Lima	C	20	68
Barcelona	S	28	82	Budapest	C	24	75	Dallas	S	22	72	Helsinki	T	16	61	Lisbon	S	37	99
Beirut	S	29	84	Buenos Aires	R	14	57	Dublin	C	17	63	Hong Kong	F	32	90	London	C	17	63
Belfast	R	16	61	Cairo	F	34	93	Dubrovnik		–	–	Innsbruck	F	22	72	Los Angeles	C	18	64
Belgrade	F	21	70	Cape Town	S	25	77	Edinburgh	C	16	61	Inverness	C	16	61	Luxembourg	C	18	64

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	F	24	75	Milan	S	27	81	Nicosia	S	27	81	Salzburg	S	22	72	Tenerife	S	28	82
Madrid	S	36	97	Montreal	C	21	70	Oporto	S	27	81	San Francisco	C	14	57	Tokyo		–	–
Majorca	S	31	88	Moscow	C	21	70	Oslo	T	17	63	Seoul	C	30	86	Toronto	S	23	73
Malaga	S	29	84	Munich	S	22	72	Paris	R	21	70	Singapore	S	32	90	Tunis	S	34	93
Malta	S	29	84	Nairobi	F	23	73	Peking	C	24	75	Stockholm	F	19	66	Valencia	S	30	86
Manchester	C	19	66	Naples	S	30	86	Prague	F	20	68	Strasbourg	C	22	72	Venice	S	25	77
Manila	C	30	86	Nassau	F	34	93	Reykjavik	F	14	57	Sydney	S	14	57	Vienna	F	22	72
Melbourne	S	12	54	New Delhi	F	35	95	Rhodes	S	27	81	Taipei	R	30	86	Warsaw	F	19	66
Mexico City		–	–	New York	S	27	81	Rio de Janeiro	F	28	82	Tangier	S	35	95	Washington	S	21	70
Miami	S	29	84	Nice	S	27	81	Rome	S	27	81	Tel Aviv	S	27	81	Zurich	S	23	73

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES

COMPANIES & MARKETS

Friday July 19 1991

INSIDE

Allied Lyons to sell UK perry interests

Allied-Lyons is datermined not to let sentimentality atand in the way of business. Thus, tha group yestarday announced the proposed sale of its UK cider, perry and British wine interests. These includa Babycham, the sparkling perry familiar to ganerations of British tipplers. David Owen raports. Page 24

The reformation in Italy

Balated reforms to securities markets are creating all sorts of cross-currents within the Italian financial aystem. In tha first of thraa articles on tha changing ahape of the Milan markets, Halg Simonlan examines tha role of the SIM, the new breed of broker-come-fund manager spearheading Italy's moves towards liberalising its financial markets. Page 23

Wave of triumph for P&O

Lord Sterling (left), chairman of tha Peninsular & Oriental Steam Navigation Company, recovered from a personal defeat on Monday – when his campaign to win tax breaks for tha UK shipping industry (and, thereby, P&O) came to grief in tha House of Commons – to enjoy a personal triumph as his company devoured tha containar shipping interest of his old advarsary Sir Nigel Broackes, chairman of Tralalgar House. Page 24

Chile's fish run low

Northern Chila's pilchard stocks once fed the biggest fishmeal industry in the world. Now tha industry is on the hrink of collapsa following 15 years of unfattered expansion. Tha pilchard catch has declined from a peak nf 2.6m tonnes landed in 1985 to only 698,000 tonnes last year. The outlook for this year is even hleaker, with landings down by 25 per cant in tha first five months. Page 26

Unwelcome fall for Wellcome

Shares in Wallcome, the British drugs group, ancountered heavy selling in London yesterday. Sentiment was hit by news that the US National Institute of Health had granted a conditional licence for the manufacture of a ganaric version of Wellcome's Aids drug Retrovir. Tha latest moves in approving rivals also took thair toll on Wellcoma'a share prica which fell 23p to 718p. Page 27

Norway banks on investment

The Norweglan government has launched an Incentiva schema in an attempt to persuade industry tn invest in tha country's struggling banking sector. The latest attampt to shore up the banks comes against a backdrop of mounting losses ever since oil prices plummeted in 1986 bringing an end to the country's economic boom. Page 16

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Aachen Mch	905	+	25
Schneider	693	+	18
Falls			
Colonia Vers	950	–	25
Douglas Hldgs	708	–	12
Hochtief	1342	–	48
Kali & Salz	171.5	–	5.3
Karstadt	643	–	16.5

NEW YORK ($)

Rises			
AT&T	39½	+	1½
Apple	44½	+	2
Atlantic Rich	124½	+	124½
Blockbuster	10¾	+	⅜
Intel	45½	+	1¼
Occidental	23	+	¼

PARIS (FFr)

Rises			
Printemps (Au)	773	+	23
Falls			
Audi Entrepr	1099	–	46
BNP Cert Inv	243.5	–	12.5
Geophysique	736	–	23
Rhone Poulenc	351	–	14

TOKYO (Yen)

Rises			
Daido Signal	1350	+	120
Kokusai Kogyo	1500	+	150
Nagasakiya	1900	+	140
Falls			
Hinode Kisen	457	–	34
Kanto Denka	580	–	45
Tokuyo City	505	–	39

New York prices at 12.30pm.

LONDON (Pence)

Rises			
Anglia TV	169	+	19
Beazer	89	+	11
Central TV	790	+	45
Edmond Hlds	43	+	5½
HTV	39	+	3
Prem Leisure	100	+	12
Ramsden's (H)	145	+	6
Rolls-Royce	151	+	5½
Scottish TV	500	+	51
Falls			
ADT	570	–	50
BAT Inds	744	–	14
Barratt Dev	82	–	9
Brent Walker	23	–	3
Brit Aerospace	580	–	11
Cadbury Schw	362	–	15
Clinton Cards	163	–	20
Dean & Bowes	68	–	14
Futura	75	–	8
GUS A	1259	–	31
Huntingdon	270	–	13
Reed Intl	436	–	11
Standard Chtd	339	–	12
TV-am	124	–	9
Wellcome	718	–	23

Axa to inject $1bn cash in US insurer

By Nikki Tait in New Ynrk

AXA, France's second-largest insurance company, announced yesterday tbat it has injected $1bn of casb into The Equitable Life Assurance Society, tbe third-biggest US insurer.

The investment is expected to give Axa a stake of between 40 and 49 per cent in Equitable when the troubled insurance group sheds its mutual status next year.

After a further three-year period, Axa would be free to take a majority stake if it wished.

Mr Richard Jenrette, Equitable's cbairman, described tbe deal – under negotiation for several months – as "not a merger, but substantially more than an investment".

The two companies will place directors on each others' boards, exchange personnel and co-operate in areas sucb as asset management. However, when asked who would be running the Equitable, Mr Jenrette replied with a firm, if jovial, "*Moi*".

Plans for demutualisation, expected to occur in 1992, were first announced by The Equitable last autumn. When this takes place, the conversion of Axa's investment into common stock will need the approval of the New York State insurance department. However, tbe authorities have given preliminary clearance to the deal.

Mr Jenrette and Mr Clauda Bébéar, Axa's chairman, also said in New York yesterday that a few Japanese investors are interested in injecting cash into Equitable – up to $300m. Mr Jenrette suggested that these investors would probably provide funds before demutualisation.

The transaction gives The Equitable a much-needed boost. Capital bas slumped to ahout four per cent of its insurance liabilities as various write-offs took their toll. Five per cent is generally considered the minimum prudent level.

Yesterday, Equitable announced tbat it was adding a further $500m to reserves to cover possible write-downs on its property-related investments and junk bond boldings. Conversely, it is revaluing upwards its investment in Alliance Capital Management, which manages mutual funds, by $300m. With Axa's money, its capital improves by $800m to $2.6bn. This equates to about six per cent of liabilities.

Meanwhile, Axa's desire for a sizeable US presence is achieved with the deal. Mr Bébéar said yesterday the $1hn had come from Axa's cash resources. In return, Axa receives $750m of secured notes in Equitable and $250m of unsecured notes. The amount of stock Axa receives at demutualisation will depend on the price of Equitable shares, but the French group's stake will be capped at 49 per cent.

If the investment buys more than 49 per cent, Axa receives preferred shares which can convert into ordinary stock at a later date. If the $1hn injection buys less than 40 per cent, Axa is entitled to increase its ownership to this level by exercising warrants.

Axa gets three directors on the Equitable board immediately. Mr Jenrette will become an Axa director. After demutualisation, Axa will have board seats at Equitable in proportion to its stake.

Axa, headed by Claude Bébéar, has achieved its desire for a sizeable US presence

NatWest unit cuts losses to $85.1m

By Karen Zagor in New York

NATIONAL Westminster Bancorp, tbe wholly-owned US subsidiary of Britain'a National Westminster Bank, has narrowed its second-quarter loss to $85.1m in 1991 from $105.3m a year earlier.

The UK bank, which injected $300m in capital into the subsidiary in June, affirmed its continuing support for the US subsidiary. NatWest has contributed a total of about $750m in new capital since last July.

On Wall Street, NatWest's shares added $¾ to $32½ at midday yesterday.

The New York-based bank, which has been hit hard by falling property values in New York and New Jersey, bas been in the throes of a shake-up to return it to profitability since March.

Mr John Tugwell, a main board director from London who in April took over as chief executive of the US holding company, yesterday acknowledged that the second half of 1991 would be difficult because of the level of non-performing loans and the depressed commercial property market in the north-east.

However, he added: "The core business is sound, costs are under control and all capital ratios are in excess of regulatory guidelines. I am encouraged that we are now moving in the rigbt direction."

Loan-loss provisions improved in the second quarter to $134.7m from $221.9m in the first quarter and $292.6m in the fourth quarter of 1990. Net charge-offs eased to $102.4m from $151.5m in the first quarter and $195.8m in the fourth quarter of 1990.

However, the allowance for loan losses was $631.9m or 4.26 per cent of total loans outstanding at June 30 compared with $529.1m or 3.37 per cent of total loans outstanding at the end of 1990.

Non-performing assets, including non-accrual loans, renegotiated loans, other property and otber foreclosed assets were $1.64bn at June 30 against $811m a year earlier. The bank blamed the deterioration in tbe economy, especially in the property market in the north-east, for the increase.

In the second qnarter, NatWest's operating expenses fell to $190.4m from $218.7m a year ago.

For the first six months, the US bank had a net loss of $276m against a net loss of $88.3m. Operating expenses eased to $383.6m from $399.6m.

The bank's total assets were $21.97bn at June 30, against $22.62bn a year earlier.

AT&T advances 26% on increased revenue

By Karen Zagnr in New York

AMERICAN Telephone & Telegraph (AT&T) yesterday announced surprisingly strong second-quarter earnings in spite of the prolonged recession in the US.

The leading US long-distance telephone carrier, which is getting even bigger through its acquisition of NCR, the Ohio-based computer manufacturer, had second-quarter net income of $828m, or 75 cents a share, up 26 per cent from $657m, or 60 cents in the same period of 1990.

Revenues in the quarter rose 5 per cent to $9.53bn from $9.04bn.

During the quarter, operating income grew to $1.3hn from $1.17bn.

The results spurred active trading on Wall Street in AT&T's shares, whicb jumped $1½ to $39½ at midday.

Mr Robert Allen, chairman, said the results were "especially gratifying in view of the recession" and reflected continued growth in all of the company's core businesses.

The company said it expected a continued strong performance in the second half as the economy improves, but warned that it may take one-tima charges before the end of the year.

AT&T said its total charges for restructuring some businesses, in addition to charges arising from the pending merger with NCR, would be as high as $4bn before taxes.

Charges related to the NCR merger are estimated at $1.5bn.

Mr Allen said the steps would improve AT&T's cash flow and that the charges would not hurt the company's ability to pay dividends.

Mr Craig Ellis, an analyst at C.J. Lawrence, said AT&T's long-distance business was particularly strong in the second quarter, with 7 per cent unit growth on a 5 per cent rise in revenues, against first qoarter unit growth of 8 per cent on flat revenues. "AT&T seems to be winning market share, which does not bode well for its competitors," he said.

Mr Joel Gross, an analyst at Donaldson Lufkin & Jenrette, said the results also reflected the restructuring of AT&T over the past few years.

For the first half, AT&T had net income of $1.54bn, or $1.40 a share, against $1.33bn, or $1.22, a year earlier. Revenues were $18.72bn against $17.94 the previous year.

● MCI, one of AT&T's main US competitors, yesterday turned in net income of $137m, or 50 ceots a share, against $177m, or 67 cents, a year earlier. Revenues rose to $2.1bn from $1.87bn.

Mr Bert Roberts, president and chief operating officer, said: "We're pleased with the progress we've made in this quarter, but remain cantious over the short-term in light of the uncertain economic outlook."

Heinz to expand in fast food market with $500m purchase

By Bernard Simon in Toronto

HJ HEINZ, the US food group, is greatly increasing its exposure to the fast-growing food service business by boying JL Foods, a leading North American supplier of processed food ingredients, from John Labatt, the Canadian brewer and food processor.

Tbe purchase price will be about $500m. JL Foods bas annual sales of $500m and 11 factories in the US, and one each in Canada and Britain. Its businesses include Chef Francisco, North America's leading frozen soup supplier; Pasquale frozen pizza ingredients; Omstead and Delicious frozen breaded and battered products; and Oregon Farms snack foods. Pasquale owns Hall's Foods, a maker of pizza ingredients for the British and Swedish markets.

Mr Tony O'Reilly, Heinz's chief executive, said the deal is part of a "quiet restructuring" of the Pittsburgb-based company to raise its profile in the food service business.

This sector, which includes frozen meals and fast food outlets, boasts a 9.7 per cent growth rate over the past five years, about twice as high as the growth of traditional food retailing.

Almost 20 per cent of JL Foods' revenues comes from brand products sold through retail outlets. Mr O'Reilly said that "not only are we expanding into the growing take-out and home-delivery markets, but we are also meeting the increasing needs of retailers for valne-added, lahour-saving products".

The acquisition will allow Heinz to broaden its product line and augment its existing Weight Watchers division.

Heinz has made considerable strides in improving the efficiency of its existing businesses tbrougb cost controls and Mr Richard Churcb, analyst at Smith Barney in New York, said yesterday that JL Foods should benefit from similar treatment.

Labatt is selling JL Foods to conceotrate on its beer, dairy products and entertainment businesses.

The sale is another sign of the sbake-up in Canada's food-processing industry, which is facing competitive pressures as a result of the US-Canada free trade agreement.

Labatt, controlled by Toronto's Bronfman brothers, has also put a livestock feed business up for sale. Canadian anthorities recently blocked a plan to merge its flour and haking interests with those of Maple Leaf Foods, a subsidiary of Hillsdown Holdings.

Brent Walker appoints new chief

By Maggie Urry in London

BRENT WALKER, the UK leisure group in the throes of a financial restructuring, yesterday appointed Mr Ken Scobie as deputy chairman and chief executive. Mr Scobie joined the group as a non-executive director eight weeks ago.

Meanwhile, the group's discussions with its banks on a refinancing deal made some progress when another bank signed np. Mr Scobie said that only two of the 47 banks in the main syndicate – one Japanese and one continental – bad yet to agree, although several otbers bave made their agreements conditional.

A number are reluctant to contribute new money to Brent Walker. Tbe refinancing envisages an extra £70m ($114.8m) of loans, of whicb £20m bas already been given.

The company owes £970m to tbe 47-bank syndicate and another £350m to a smaller group for money lent to huy William Hill, the betting sbop chain.

The group's banks were involved in Mr Scobie's appointment. The trained accountant claims extensive experience in corporate restructurings. He is best known for turning around Blackwood Hodge, the earthmoving equipment distributor, which nearly went into receivership in 1983. Mr Scobie joined as managing director in 1984 and the group was back on its tracks hy 1986. He left in 1990, after a "difference of opinion" with the chairman.

He said that his first task yesterday had been to go through the conditions demanded hy Brent Walker's banks with Standard Chartered, head of the syndicate, and Hill Samuel, Brent Walker's merchant bank.

None of the banks' conditions was insurmountable and "there is no single show stopper in there" be said. However, he said the sheer volume of work to be done would be difficult given the tight timescale.

Some bankers believe Brent Walker will have to go into receivership within a few days if the restructuring is not tied up. Mr Scobie said he his appointment "might be the shortest chief executiveship I ever hold".

Brent Walker appointed Mr Nicholas Ward as managing director in April, while Lord Kindersley, chairman, and Mr John Leach, finance director, were appointed in January. Mr Scobie said it had not yet been decided how he and Mr Ward would divide their responsibilities.

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Mail order business buoys Great Universal Stores

By Jane Fuller in London

GREAT Universal Stores, the UK mail order, financial services and property group, proved its defensive qualities witb its 44tb snccessive increase in annual pre-tax profit.

The taxable figure for the year to March 31 advanced by just over 3 per cent to £431.3m ($261.9m) from £417.3m a year earlier on turnover of £2.52bn, against £2.69bn last time.

The A share price slipped 31p to 1,259p as the results were at the lower end of expectations. A tinge of market disappointment was also evident on the lack of movement in enfranchising tha A shares, more than 50 per cent of which are held by the Wolfson Foundation and family trusts. The group is reviewing the matter. Tbe ordinary share price gained 11p to close at 1,586p

Two-thirds of turnover and £185m – 43 per cent – of pre-tax profit came from the mail order business. The near £15m increase and a margin improvement was achieved with the help of new technology for ordering and distribution systems.

Mr Richard Pugh, chairman, said the business had also proved recession resistant as shoppers had realised catalogue prices were what people actually paid over 20 or 38 weeks, with no heavy APR on their credit cards.

The retailing chains had suffered, however, from recession in the UK and Canada. The Burberrys and Scotch House divisions had also been hit by the lack of visitors to big cities during the Gulf war. Retailing brought in £46.4m pre-tax, compared with £52.3m in 1989-90.

In finance and banking, advances to customers were down and bad debt provisions were up, but those factors were offset by the high interest rates available for the money collected. With business services and investments, pre-tax profit from this division was held at £140.8m, although turnover fell to £574.3m (£772.6m). The group had noticed some signs of improvement in consumer financing, particularly to buy second-hand cars.

Great Universal Stores has 1,300 freehold properties, mostly in the UK retailing sector, and profits rose to £59.1m (£54m).

The figures benefited from an advance in interest income to £87.1m as the cash balances grew to £443m.

Earnings per ordinary share rose to 116.3p (109.1p). The net asset value per share stood at 1,150p (1,137p) on March 31.

The final dividend has been increased to 25.5p, making a total of 37.5p (34.5p).

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Digital may take over Philips units

By Ronald van de Krol in Amsterdam

DIGITAL EQUIPMENT of the US appears poised to take over the loss-making mini-computer and computer networking activities of Philips of the Netherlands.

Responding to newspaper articles in the Netherlands, Sweden and Italy, the two companies declined to comment on reports that an announcement on the sale of Philips' Information Systems division was imminent.

A spokesperson for Digital, who earlier this month had said there was no truth to rumours of a deal, said that the company could not comment. Union officials in the Netherlands said that Digital was considered to be the leading candidate to take over the division, which does not include Philips' personal computer activities.

These were transferred earlier to the company's consumer electronics division as part of an extensive restructuring of Philips' computer businesses.

Philips does not provide separate turnover or profit figures for the information systems division, which is part of the larger "professional products and systems" group. This group posted an operating profit of Fl 18m ($9m) in 1990 on sales of Fl 13bn. Losses in information systems, which were described as "appreciable" in 1990, narrowed substantially in the first quarter of 1991.

When Mr Jan Timmer took over as president of Philips in July 1991, one of his first moves was to announce a 33 per cent cut in the information system's 15,000-strong workforce.

At the time, Mr Timmer said Philips' computer division would need to put its own house in order first before it could contemplate alliances with other manufacturers.

Dutch unions said the sharp reduction in losses in the information systems division in early 1991 could mean that Philips is now ready to transfer ownership of all or part of the professional side of its computer business.

Frankfurt widens inquiry into tax evasion

By Katharine Campbell in Frankfurt

FRANKFURT pnblic prosecutors claimed yesterday to be investigating as many as 25 securities traders at a number of German institutions for possible tax evasion that could run into "millions" of D-Marks.

Mr Hubert Harth, spokesman for the prosecutor's office, said that the probe was focusing on traders at a number of banks, independent brokers and one employee from an official broker.

He added that the enquiry could well widen further as initial suspicions had turned to an "svalanche". While preliminary enquiries appeared to have concentrated on warrants traders, Mr Harth said that regular equity traders were now also involved.

The prosecutors have received information from a wide variety of sources, including anonymous callers.

Earlier this week, an official arrived at the Frankfurt Stock Exchange to question the bead equity warrants trader at Commerzbank.

Criticism grows over TV share reaction

By David Waller in London

THE London Stock Exchange is coming in for growing criticism from analysts, merchant bankers and television company executives concerned over the the way TV company shares have reacted to a series of articles in the Financial Times giving details of the companies' franchise bids.

The exchange has contacted the financial advisers of at least half a dozen television companies seeking assurances that the companies have not breached its rules by leaking details of the bids. On the basis of the assurances received, the exchange has decided that there is no basis for declaring a false market in TV company shares.

As shares in Central TV, Scottish TV and Anglia gained between 6 and 13 per cent yesterday, there was concern that without formal confirmation of the size of the bids from both qnoted television companies and their unquoted rivals, the market in these shares had become something of a lottery.

"The prices are winging around all over the place," said one disgruntled analyst yesterday. "It is beyond ma how the exchange can say there is no false market when some people are bnying on the basis of known information and others are simply playing a guessing game."

The exchange said that it had fulfilled its duties to ensure that companies complied with its rules when it sought and received assurances from their advisers that there had been no leakage of information.

The stock exchange said that tha Independent Television Commission - regulator of UK commercial TV companies – had no outright objection to the disclosure of the information, but would prefer it to be kept secret. The only company which will be obliged to disclose the details of its bid is TVS because it is going through a restructuring which requires the approval of its shareholders.

Banks turn to companies for help

Karen Fossli and John Burton report on the deteriorating situation as Norway's banking sector sinks towards possible collapse

NORWAY'S banking crisis has reached such serious proportions that the government is encouraging some of the country's biggest companies to help rescue the banks from possible collapse.

But critics warn the policy could lead to a further concentration of economic power among the country's top companies, while reducing the chances of opening the bank sector to foreign competition.

No one doubts that action is necessary. Credit losses for commercial banks have climbed sharply during the last four years, reaching NKr8.2bn ($1.17bn) in 1990, due to bad loans in the property sector as well as a general downturn in economic performance. The three biggest commercial banks – Den norske Bank (DnB), Christiania Bank and Fokus Bank – lost money last year.

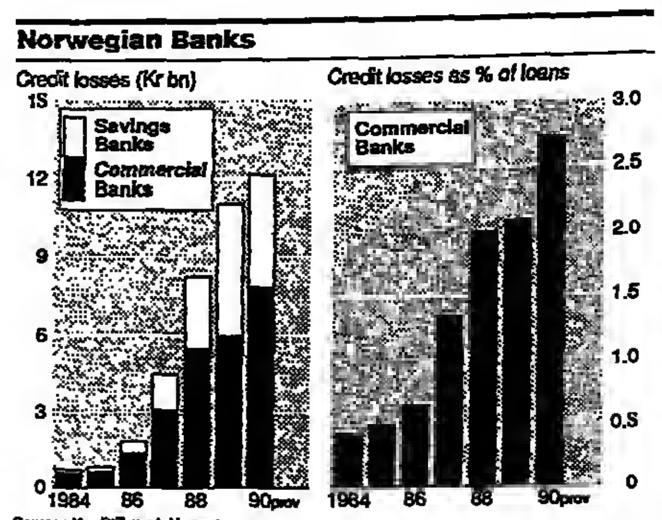
The situation appears to be getting worse, judging from the results for the first four months of 1991. One reason is that the banks are unable and unwilling to expand lending, resulting in corporate bankruptcies and further credit losses. Insurance and finance companies are also attracting borrowers by cutting their interest rates, which the banks cannot afford to do.

Moreover, the banks are struggling to meet the capitalisation requirements mandated by the Bank of International Settlements for the end of 1992.

The minority Labour government, worried about both the effects of a credit squeeze on the economy and the precarious state of the banks, established earlier this year s NKr5bn bank insurance fund as a confidence-building measure. The fund is designed to serve as s safety net for the banks by providing loans to their own guarantee funds.

But it soon became clear that more would have to be done. The government then proposed tax breaks as an incentive for companies to invest in the banking sector.

Companies would not have to pay tax on so-called negative balances, which are tax-deferred reserve funds consisting of profits from the sale of machinery and other assets, if 60 per cent of the funds are invested in bank shares for at least five years.



Source : Kredittilsynet, Norway

The Norwegian Banks' Association estimated that at least NKr5bn of these funds could flow to the banks. A test case for whether the incentive programme will succeed is the preliminary sgreement by three of the country's biggest companies – Uni Storebrand, Norsk Hydro and Statoil – to provide funding to DnB and Christiania in return for bank shares.

> The minority Labour government, worried about both the effects of a credit squeeze on the economy and the precarious state of the banks, established earlier this year a NKr5bn bank insurance fund as a confidence-building measure.

The two banks originally approached Uni Storebrand, the insurance group, to provide a guarantee for planned share issues. "The banks realised that with the losses thay incurred over the past four years it had become too difficult for them to raise fresh capital in the market," explained an executive from Uni Storebrand which lobbied the government to allow the reserve funds to be invested in bank shares.

Uni Storebrand then spproached Statoil, the state oil company, and Norsk Hydro, the energy group, to form a consortium to help the banks. They initially agreed to provide NKr900m to underwrite the banks' planned equity offer, with the possibility of buying bank shares as well. The companies believe that the banks will be forced to write down their share capital.

The daal, bowever, has raised eyebrows because it represents increased power for a handful of top companies and their managers, what the conservative Aftonbladet newspaper called "an extremely dubious concentration of capital and influence". For example, Mr Jan Erik Langangen, Uni Storebrand president, is also chairman of Statoil.

Moreover, the rescne attempt involves two state-dominated companies, Statoil and Norsk Hydro, although the government has said it wants to encourage a market solution to the banks' problems from the private sector.

The involvement of Statoil has also renewed questions about how far the government is willing to use the state oil company as an instrument to protect Norwegian concerns from foreigners, following a parliamentary decision to allow Statoil to invest in a range of non-oil operations.

The government is concerned that foreign banks could take advantage of the crisis to make inroads into the Norwegian banking sector. Svenska Handelsbanken, the Swedish bank, last year bought two banks in Oslo and Stavanger. DnB is also planning to raise capital by issuing more shares to its partners in the Nordic bank alliance, Scandinavian Banking Partners.

Mr Harald Norvik, the Statoil president, admits that concerns about foreign ownership provided one reason for his decision to invest in DnB and Christiania. "We are dependent on a healthy bank system and it is of vital importance that the majority shareholders are Norwegian," he said.

Bnt he denies that Statoil plans to become a white knight for Norwegian industry. Just days before the bank deal was annonnced, Statoil paid NKr1.4bn to acquire 12.5 per cent of the voting shares in Saga Petroleum, Norway's biggest private oil company, from Volvo of Sweden.

"It is a coincidence that these two events happened in one week," he explained. "I'm all for well-balanced Norwegian/foreign ownership in the banks and companies. For a very small country like Norway it's quite a challenge to keep in Norwegian hands the ownership of our companies."

Even if other companies join the effort to bail out the banks, the measures will provide only temporary relief. Recovery largely depends on the improving performance of the economy which should stabilise property prices and increase bnsiness profits, leading to lower credit losses for the banks.

It is then that the banks will be in a better position to reform their industry, which is still too fragmented, with more consolidation and cost rationalisation needed. Attempts in the past few years to merge the banks in a bid to improve performance proved futile. The result was bigger entities saddled with higher credit losses and increased costs associated with the merger activity.

INTERNATIONAL COMPANIES AND FINANCE

Increase in non-interest income lifts BankAmerica

By Patrick Harverson in New York

BANKAMERICA, the big San Francisco-based bank, yesterday reported another quarter of solid earnings, due largely to a big jump in non-interest income.

Between April and June, the bank made a profit of $272m, up 2 per cent from the $267m earned a year earlier.

The quarter inclnded a $175m provision for credit losses.

The highlight of the period was a 20 per cent increase in non-interest earnings to $595m, due to strong growth in deposit account fees (up 15 per cent to $157m), foreign exchange trading profits (up 42 per cent to $47m) and net gains on sales of investment securities, which brought in $13m, against a $2m loss at the same stage in 1990.

Net interest income was also higher in the quarter, up 8 per cent to $1.09bn and spurred by growth in both average earning assets and the net interest margin.

The bank's capital position remained one of the soundest in the US. The ratio of common equity to assets was 5.53 per cent, up from 5.16 per cent a year ago, and sufficient to put BankAmerica among the country's 10 best capitalised bank holding companies.

Total non-accrual assets declined slightly to $3.08bn, aided by a fall in non-accrual assets related to restructuring countries.

The construction and development component, however, increased 25 per cent to $731m.

BankAmerica's net credit losses fell sharply to $169m ($241m of charge-offs and $72m of recoveries).

The strong figures from BankAmerica stand in stark contrast to the second-quarter results from Security Pacific and Wells Fargo, which are also based in California. On Tuesday, the two banks reported large declines in profits, mostly because of problems with local commercial property loans.

Intel scores 35% income gain

By Karen Zagor

INTEL, the primary supplier of micro-processors and related semi-conductor devices to the personal computer industry, turned in a 35 per cent increase in second-quarter earnings on revenues which rose 29 per cent.

Net income in the three months ended June 29 was $230.8m, or $1.10 a share, against $170 on revenues of $1.25bn against earnings of $170.7m, or 84 cents, on revenues of $968.3m a year earlier.

For the first half, Intel's earnings climbed 36 per cent to $428.21m, or $2.05 a share, on revenues which advanced 28 per cent to $2.36bn.

Although the results were within the range projected by most analysts, the earnings growth was less dramatic than Wall Street had expected and shares in the company fell $1¼ to $44½. In May, the company said its second-quarter earnings would probably top analysts' estimates, which averaged 94 cents a share.

The company's continned strength in the face of stagnant unit sales in the personal computer market is attributed to the strong demand for its 32-bit microprocessors and related personal compnter components.

Decline in Smith Corona net income for year

***By Barbara Durr** in Chicago*

SMITH CORONA, the world's largest manufacturer of portable electronic typewriters and word processors, reported a net income of $2.3m, or 8 cents per share, for its fourth quarter ended June 30.

In the same quarter last year, the company, which is 48 per cent owned by the Hanson group of the UK, had a net loss of $1.5m, or 5 cents a share, including writedowns and non-recurring charges of $2.8m, or 9 cents per share.

Smith Corona's full-year net income was $19.6m, or 65 cents a share, on net sales of $383.4m. This was down from 1990's net income of $32.9m, or $1.09, on revenues of $471.4m.

Recession has weakened consumer demand not only in the US but in many of the company's international markets. A shift to lower-priced products and continued price-cutting by Smith Corona's foreign competition also dented its results.

Mr G. Lee Thompson, Smith Corona's chairman, said, however, there was reason for "cautious optimism" in the year ahead because of near-record order levels for new product lines. The company recently entered the market for home, student, and small office word processors.

Losses mount at Inland Steel

By Barbara Durr in Chicago

INLAND STEEL, the fourth largest American steel-maker, was again pummelled by the US recession during the second quarter. It reported a net loss of $25m, or $1.07 per share, compared with a net income of $20m, or 42 cents, last year.

Sales in the second quarter dropped 14 per cent to $865m from $1bn a year ago. The racession has especially depressed the market for consumer durables, the company's main lines of business.

But the company reduced its operating loss for the second quarter to $19.7m from $46.3m in the first quarter.

Increased steel shipments, due partly to greater exports, lower manufacturing costs, higher operating rates at I/N Tek, the company's joint venture with Nippon Steel Corporation, and improved margins at its materials distribntion group helped improve the company's performance.

Mr Frank Luerssen, Inland's chairman, said that while the recession may now have bottomed out and some improvement should be seen in the appliance and auto markets, "we cannot predict with certainty the timing of our return to profitability".

During the first six months of 1991, Inland lost $65m, or $2.57 per share, compared with net income of $38.7m, or 79 cents, in the same period last year. Sales were down 15 per cent to $1.7bn from $2bn.

American Brands shows improvement

AMERICAN BRANDS, the cigarettes, liquor and consumer prodncts gronp, reported higher-than-expected second-quarter results. Net earnings rose to $182m, or $88 cents a share, from $158m, or 81 cents, on revenues down from $2.95bn to $2.94bn.

This brought first-half earnings to $398.3m, or $1.94 a share, up from $353.8m, or $1.81, last year. Half-year revennes amounted to $6.79bn against $6.16bn for the same period last year.

Charge pushes Apple into the red

By Karen Zagor in New York

APPLE Compnter surprised analysts with the size of its third-quarter restructuring charge, which pushed the company into the red for the quarter.

Apple, which warned investors in May that its third-quarter earnings might fall below 1990 levels, posted a net loss of $53.1m, or 44 cents a share, against net income of $119.8m, or 96 cents, a year earlier.

The 1991 figures included an after-tax charge of $138.9m for restructuring, cost reduction and othar activities which were announced in May and are expected to continue for the next year to 18 months.

Exclnding this one-time charge, net income fell 28 per cent to $85.8m in the latest quarter.

The erosion came in spite of a 12 per cent rise in revenues to $1.53bn, and a 60 per cent jump in unit shipments of Apple's Macintosh personal computers.

Apple's profit margins have been under pressure by its introduction of a range of lower-priced Macintosh personal computer and from currency exchange rates. In the third quarter, Apple's gross margin fell to 45.8 per cent compared with 54 per cent a year earlier.

Financial analysts were alarmed when the company's gross margins fell to 48.8 per cent in the second quarter from 54.7 per cent a year earlier.

For the first nine months, net income was $228.6m, or $1.91 a share, down 39.3 per cent from $376.4m, or $2.96, in the same months of 1990. Revennes advanced 14 per cent to $4.8bn from $4.2bn.

Most analysts had expected Apple to post profits in the third quarter. Before the figures were released, Mr James Reynolds, an analyst at Wedbush Morgan Securities had estimated annual income for 1991 of $3.65-a-share. In 1990, Apple earned $3.77-a-share.

Mr John Sculley, chairman and chief executive, said the company's restructuring activities, "while difficult in the short run, will provide important competitive benefits as we move forward. We are reducing our operating expenses, as a percentage of sales, and intend to do even more of this through onr restructuring activities."

"The personal compnter industry is undergoing fundamental changes that will shape the global information economy far into this decade. We are committed to redesigning Apple's infrastrncture and financial model so that they are both sustainable advantages within the dynamics of this changing industry."

United Tech falls sharply

By Patrick Harverson

UNITED TECHNOLOGIES, the US aerospace, automotive and building prodncts group, has announced a sharp drop in second-qnarter net income to $43.4m, down from $207.5m a year ago.

The decline was primarily accounted for by a $148m pre-tax charge which was largely related to the renegotiation of a radar systems contract with Israel.

The charge, first revealed last month, was partially offset by about $100m in increased participation fees on commercial engine programmes at Pratt & Whitney.

Ravennes for the three months were $5.4bn, down from the $5.7bn recorded in the second quarter of 1990.

Mr Robert Daniell, chairman and chief executive officer of United Technologies, blamed the weak economy and its effect on the company's core businesses for the decline in earnings.

He expressed optimism that airline passenger traffic and vehicle production in the US appeared to be improving, but said cost-cutting would continue.

Among the group's divisions, profits from the power segment fell by more than half to $123m, mainly due to a drop of over 35 per cent in commercial spare parts revenues and lower profit margins on commercial engines. Pratt & Whitney suffered an operating loss of $72m because of the charge, but the performance of the Sikorsky helicopter division remained strong. Profits also fell at the building systems and industrial divisions.

Caterpillar posts $17m deficit

CATERPILLAR, the US construction and equipment manufacturer, said that a 10 per cent fall in sales volume due to the recession was mainly responsible for a net loss in its second quarter, AP-DJ reports.

Caterpillar reported a net loss of $17m, or 16 cents a share, well below last year's second-quarter profit of $46m, or 46 cents.

The company repeated its earlier projection that a loss for the full year was likely.

It said that the US and other economies were unlikely to expand sufficiently this year to provide any meaningful improvement to its financial results.

Caterpillar said second-quarter US sales were $1.06bn, a fall of 22 per cent from the year-ago quarter.

Sales outside the US improved by 3 per cent to $1.55bn and accounted for 59 per cent of total sales.

The company said its Brazil operations accounted for about one-third of the decline in before-tax profit. Howevar, other than Brazil, there were no significant effects on results dne to currency exchange rate changes in the quarter.

But, the company said it had currency exchange losses in the first six months, compared with gains in the year-ago period.

Caterpillar added that its share of the profit of affiliated companies in the quarter increased by $3m to $9m, primarily due to a gain on the sale of surplus assets by the company's 50 per cent-owned affiliate in Japan.

Tax boost for General Dynamics

By Barbara Durr

REVERSING a long string of negative earnings results, General Dynamics, the second largest US defence contractor, reported second-quarter net earnings of $231m, or $5.04 per share. The results were boosted by a gain of $140m, or $3.35 per share, from an adjustment to the company's tax provisions.

Special after-tax charges of $330m, or $7.31 per share, caused a loss of $340m, or $5.75 per share, in the 1990 quarter.

However, setting aside this past quarter's tax gain and last year's special charges, net earnings in the 1991 second quarter were $71m, or $1.69 per share, down from $90m, or $2.16 per share a year ago.

For the first six months of 1991, net earnings totalled $268m on sales of $4.7bn. This compared with a loss of $116m on sales totalling $5.1bn for the corresponding period last year.

Mr William Anders, chairman, said that his strategy to improve profitability and build financial strength is on track.

Pan Am route talks with United falter

PAN AM, the ailing US airline which is already in bankruptcy proceedings, said that it had been unable to agree on mutually acceptable terms for United Airlinas, the much larger Chicago-based carrier, to acquire Pan Am's Latin American routes and certain other assets.

United declined to comment on whether this signalled a final breakdown in negotiations, or merely a quarrel over price.

However, Pan Am said that it believed discussions to be disrupted "for the moment". "In a reorganisation, the door is always open," it commented.

The airline recently agreed to sell its remaining European routes and east coast shuttle operations to Delta Air Lines, although this deal is still subject to various approvals.

Continental Bank restates its earnings

By Nikki Tait

CONTINENTAL Bank, the Chicago-based institution, has restated its first-quarter earnings as a result of changing the accounting treatment for domestic equity investments.

The restatement, on a "continuing operations basis", puts reported earnings at 35 cents a share, compared with 43 cents previously. Continental said that it will now value domestic equity investments at market value, rather than at the lower of cost or market value.

First Options of Chicago, a wholly-owned subsidiary, was sold in the second quarter of the current year, and all regulatory approvals received. However, Continental said that certain other regulatory matters are pending and could result in a further loss on the sale. Further details were not provided.

Peak revenues at Waste Management

DESPITE the impact of the US recession on some of its businesses, Waste Management, the world's largest waste services company, lifted second-quarter net income 16 per cent to $206.9m, or 42 cents a share, from $178.8m, or 38 cents, writes Barbara Durr.

Revenne in the quarter was a record $1.88bn, up 34 per cent on last year's $1.4bn.

The US recession has pulled down the company's solid waste collection and disposal operations and certain legal impediments have affected operations at Chemical Waste Management, its 76 per cent-owned subsidiary.

First-half net income, meanwhile, grew to $372.5m, or 75 cents a share, up from $322.8m, or 69 cents last year.

US QUARTERLY RESULTS

BOWATER, the largest US prodncer of newsprint, yesterday reported lower sales for the second quarter and first six months of 1991.

For the three months to June 29, net income was $20.2m, with earnings per share of 54 cents. Sales were $326.2m, against net income of $14.2m, or 36 cents a share, and sales of $342.3m a year ago.

Net income for the first six months of 1991 was $37m, with earnings per share of 97 cents on sales of $650.7m. This compared with first-half 1990 net income of $36.4m, per share earnings of 95 cents and sales of $680.6m.

DOW CHEMICAL reported second-quarter earnings of 86 cents per share and net income of $233m. Sales for the period were $4.8bn, unchanged from the second quarter a year ago.

The US chemical group posted second-quarter earnings for 1990 of $364m, or $1.34 a share. For the first half of 1991, earnings were $811m, or $2.99 per share, on sales of $9.74bn. For the same period last year, net income was at $826m, or $3.05 per share. Sales were $9.71bn.

MERCK & CO, the US pharmaceuticals company, announced earnings per share of $1.44 for the second quarter of 1991. Net income was $556m and sales for the quarter were $2.1bn. For the first half of 1991, earnings per share were $2.69 with net income of $1.04bn and sales of $4.2bn.

For the same period a year ago, quarterly earnings per share were $1.20, net income was $470.2m and sales were $1.9bn.

BLACK & DECKER, the US power tools and hardware group, reported second-quarter 1991 net earnings of $7.2m, or 11 cents per share, down from 1990 second-quarter earnings of $16.1m, or 26 cents.

Revenue for the quarter was $1.11bn against $1.22bn a year ago. First-half 1991 earnings were $11.4m, or 18 cents, down from last year's net earnings of $26.1m, or 43 cents. Revenue for the first six months of 1991 was $2.19bn, against last year's $2.23bn.

Compiled by Rivka Nachoma

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INTERNATIONAL COMPANIES AND FINANCE

Arnotts expects 60% fall in net earnings to A$19m

By Mark Westfield in Sydney

DIRECTORS of Arnotts, the Australian biscuit-maker, said yesterday that the heavy cost of restructuring, plus losses from a failed attempt to buy the old Nabisco businesses in Australia, would slash net earnings 60 per cent to abont A$19m (US$14.7m) for the year to end-June.

Despite the severe drop in earnings, directors said they hoped to maintain annual dividends at 23 cents.

In their statements to the *Australian Stock Exchange*, Arnotts directors said earnings before interest, tax and abnormal items had increased 3 per cent, despite the "very difficult" trading conditions.

However, operating profit – after tax but before abnormal and extraordinary items – would be down 16 per cent.

During the year, Arnotts incurred *after-tax costs of* A$10m due to the closure of its Victorian plant and the relocating and restructuring of two other facilities.

Directors have also decided to provide for possible abnormal losses on the sale of businesses no *longer considered* viable, although they did not elaborate.

Consolidated operating profit after tax, minorities and abnormal items, but before extraordinary items, was expected to fall 60 per cent. Last year, *Arnotts made a net profit of* A$47.2m.

Arnotts had attempted to bny the Australian *Nabisco* operations after they were put on the market in the wake of the US$21bn leveraged takeover of Nabisco in the US by the Kohlberg Kravis, Roberts Investment Group in 1989. Arnotts was rejected in 1990 by *the federal court after the* Trade Practices Commission challenged the pnrchase, which would have *lifted* Arnotts' share of the Australian biscuit market from 65 per cent to 72 per cent.

Arnotts lost an appeal to the *full bench of the court* late last year and then decided against launching an appeal to the High Court.

The businesses were purchased by the Melbourne-based Shears family with a loan from Arnotts.

Arnotts directors said yesterday "the amount of any such loss (on the Nabisco operations) *should be known* when final tenders are submitted during the next few weeks".

Directors said that, given an improvement in economic conditions, they expected a return to former levels of profitability *in the year to end-June 1992.*

Korean car-makers post export gains in strong first half

By John Ridding in Seoul

SOUTH Korea's car mannfacturers enjoyed a strong first half of the year, with exports rebounding and overall sales *showing sharp gains*, according to the Ministry of Trade and Industry and the Korean Automobile *Manufacturers* Association (Kama).

Figures released by Kama showed that the five principal automobile manufacturers – Hyundai, Kia, Daewoo, Asia Motors and Ssangyong – had raised *aggregate* sales by 21.4 per cent to Won5,340bn ($7.3bn).

The gains reflected relatively peaceful industrial *relations* at the companies, the opening of new markets and the continued strength of the domestic market.

The largest sales and the strongest sales growth were recorded by Hyundai Motors, a subsidiary of the Hyundai Group. It raised sales revenues by 38.5 per cent to Won2,700bn. Kia Motors, the country's second largest automobile manufacturer, raised sales revenues by 12 per cent to Won1,300bn.

Asia Motors and Ssangyong also experienced *improved* sales, but Daewoo Motors, the third largest manufacturer in which General Motors of the US has a 50 per cent stake, suffered a 3 per cent decline to Won720bn. The downturn was attributed to a series of strikes at the company *during the first* six months.

Statistics from the Ministry of Trade and Industry show *that the beginning of* the year also brought an encouraging revival in exports. For the first five months, the most recent figures available, automobile exports totalled $806.85m, a 50 per cent increase on the comparable period last year.

Despite the strong performance in overseas markets, a leading Korean automobile research institute warned that Korean cars were losing competitiveness compared with their Japanese rivals.

Kia Research Institute said *labour costs* in the Korean automobile industry had doubled over the past three years while productivity had fallen far behind that of Japanese and US competitors.

The price of the Hyundai Excel 4-door GL, for example, *rose from $7,890 last year to a current level of $8,115*. By contrast, the price of the Toyota Tercel, e *Japanese competitor* of the Excel, fell to $8,998 from $9,198 *over the same period.*

The report said the most important reasons for the reduced competitiveness of Korean cars were the donble-digit pay increases in the conntry's automobile industry and more rapid productivity gains in the Japanese industry.

It said Hyundai manufac*tured 20 cars per* employee, against Toyota's 50.

Harpener shows loss due to Omni collapse

By Andrew Fisher
in Frankfurt

HARPENER, the German industrial and real estate group, made a net loss of DM95m ($53m) last year as a result of the collapse of Omni Holding, the troubled Swiss *company formerly* owned by financier Mr Werner Rey.

The group said that it would not pay a dividend for the first time in 24 years.

Harpener said that operating profits on its property, energy and transport businesses rose by 21 per cent to DM98m.

However, the problems at Omni, which is now under court protection from its creditors, necessitated asset write-downs and additions to reserves which more than wiped out its earnings for the year.

The extraordinary payments caused by the involvement with Omni totalled DM249m.

Harpener, which functioned as Mr Rey's German-holding company, bought minority holdings from Omni which were actually stakes in companies making a loss.

Among the holdings were a 49 per cent stake in International Leisure Group, which owned the collapsed Air Europe group.

Harpener has since filed claims totalling DM200m on Omni and Mr Rey, and said it may sue former members of its board.

This year, Harpener said that it expects to make a net profit at parent company level of between DM47m and DM50m, which would offset roughly half of last year's losses.

Pre-tax profits this year should exceed DM60m.

In 1989, the Essen-based company made a net profit of DM41m and paid a DM12.50 dividend, as well as a *DM2.50* bonus.

MR CONRAD Black (right), publisher of The Daily Telegraph of the UK, yesterday met Mr Kim Beazley (left), Australia's minister for transport and communications, in Canberra to discuss Mr Black's efforts to buy into the *Fairfax* newspaper group of *Australia*, writes Emilia Tagaza in Canberra.

The bid by Mr Black's Tourang consortium for a stake in Fairfax has triggered an urgent review of the country's media ownership laws. Prompting the review is Mr Black's partnership with Mr Kerry Packer, owner of Australian Consolidated Press, the country's largest magazine publisher. The Australian government is concerned that *Mr Packer, who already controls* a national television network and several national magazines, might be breaching cross-media ownership rules.

Mr Beazley said he was prepared to introduce legislation to ensure that Mr Packer did not gain de facto control of Fairfax through a loophole in existing Australian Broadcasting Tribunal regulations.

Pacific Dunlop placed on watch by rating agency

By Mark Westfield

PACIFIC Dunlop, the diversified Australian mannfacturer and distribntor, has been placed on rating watch by Australian Ratings in the wake of its A$374m (US$289.9m) cash offer for Australia's largest food group, Petersville Sleigh.

Pacific Dunlop, Australia's 11th largest company, with a market capitalisation of A$4bn, *has a AA- rating which* will be maintained "in the interim", eccording to the credit agency. In a statement yesterday, it said a "downward adjustment in the rating may be necessary" if the company "did not raise appropriate capital".

Pacific Dunlop's share price fell from its A$5.26 close on Friday to A$5.02 on Wednesday, mainly because of investor concern over the size of the rights issue Pacific Dunlop wonld launch to finance the takeover. The price firmed 6 cents yesterday to A$5.08.

When it announced *the bid*, Pacific Dunlop said it would finance the takeover mainly through internal cash resources, but would consider a rights issue of up to A$500m to restore its balancesheet.

Anglo American improves on effective cost control

By Philip Gawith in Johannesburg

IMPRESSIVE cost control on all the gold mines in the Anglo American group, allied to a firmer gold price, allowed the group's gold operations to record improved profits in the quarter to June.

Overall working costs fell by 1.4 per cent to R1.66bn ($578.4m) from R1.68bn the previous quarter and group unit costs were also contained, rising only fractionally to R26,193 a kilogram from *R26,030*.

Mr Lionel Hewitt, managing director of the gold and uraninm division, said that keeping constant its working costs *per kilogram of gold produced* was the group's "overriding objective".

Gold prodnction dropped slightly in the qnarter to 63,395kg (63,821kg) but available profit was up 4.6 per cent at R139.9m.

Mr Hewitt said Freegold, the world's largest gold mine, had enjoyed a very satisfactory quarter. Aggregate costs declined by 2.3 per cent and unit costs declined by 1 per cent to R28,789 per kilogram of gold produced.

Gold prodnction dropped to 27,789kg from 28,184kg due to the closure of marginal operations in the south of the mine which led to reef tonnage being replaced by lower grade dump tonnage.

Available profit increased by 3 per cent to R55.8m, a figure which would have been higher had old forward contracts not had a damping effect on the *price received.*

Vaal Reefs maintained its profits at R41.5m despite gold production dropping to 18,324kg from 18,730kg. This was the resnlt of milling an increased amount of waste tonnage which pushed the average grade down.

Mr Hewitt said that Western Deep Levels had recorded an excellent quarter, with available profits rising 49.7 per cent to *R30.1m from R30.1m*. Unit costs were 2.2 per cent down, quarter on quarter, at R22,519 per kilogram produced, gold production was 2 per cent up at 10,430 per kilogram, and the gold price was 3 per cent better at R33,007 per kilogram.

Although Elandsrand increased gold production by 4 per cent in the quarter, available profits dropped to R5.7m (R9.5m) on account of higher capital expenditure. Profits also dropped at Ergo, the surface dump operation.

Mr Clem Sunter, chairman, said that morale among the workforce had improved following success in curbing costs and that there was a feeling that the industry was getting on top of its problems.

INTERNATIONAL CAPITAL MARKETS

Maxwell to put extra $100m into Israel

By Hugh Carnegy in Jerusalem

MR Robert Maxwell, the British publisher, has announced plans to deepen his commitments in Israel by investing $100m in a holding company to be floated on the Tel Aviv Stock Exchange.

In recent years, Mr Maxwell has made four substantial investments in Israeli companies. They are Scitex the leading graphic imaging outfit, Teva Pharmaceuticals, the daily newspaper Ma'ariv and a publishing company now called Maxwell-Macmillan-Keter.

Mr Maxwell has preferred to make commercial investments in Israel to show his commitment to the country, rather than making charitable donations.

A spokeswoman said his decision to establish a public holding company, apparently designed as an umbrella under which to group present and future Israeli investments, showed his confidence in the future of the economy in the light of a big wave of Soviet Jewish immigration.

Although immigration is posing considerable short-term difficulties to the economy, optimists believe it will provide the impetus for long-term growth not seen in Israel for 20 years.

Much of the $100m for the new company is understood to be slated to come from cashing in some of the considerable profit Mr Maxwell has made on his 20 per cent stake in Scitex, one of Israel's most successful exporters.

Brazil creates new treasury one-year note

By Victoria Griffith in San Paulo

BRAZIL has created a new medium-term treasury note, called the Central Bank Note (NBC). It will bear a maturity of up to one year. Until now, the maximum maturity of Brazilian treasury notes was 49 days.

"The new instrument gives Brazilian monetary policy more flexibility," said Mr Gustavo Jorge Laboissiere Loyola, director of organisation of the financial system at the central bank.

The central bank may launch the NBCs as early as next week. The notes will be sold in a public auction every fortnight with interest to be linked to the TRD index, which is based on Brazilian banks' certificate of deposit rates.

The bank anticipates most of the new notes to bear maturity of between 90 and 180 days. The nominal value of the notes will be in denominations of Cr$1,000.

The central bank expects the greatest interest in the new instrument to come from Brazilian-based banks and other institutional investors.

Finnish bank downgraded by Moody's

MOODY'S Investors Service, the US credit rating agency, has downgraded Kansallis-Osake-Pankki's senior debt to Aa2 from Aa1 and its subordinated debt to Aa3 from Aa2, Reuter reports from New York.

KOP is the biggest bank in Finland. Its commercial paper was confirmed at Prime-1. About $3.1bn of debt is affected by Moody's downgrade.

The downgrades reflect rising loan write-offs and declining revenues, both of which are likely to continue for the intermediate term, Moody's said.

Cost-cutting measures should mitigate weaker net interest margins and rising problem loans, but Finland's economy is under stress and this will hamper future performance, it added.

Moody's downgraded the bank's letter-of-credit-backed issues and long-term deposit obligations, including a deposit-note programme, to Aa2 from Aa1.

Treasuries buoyed by rise in unemployment claims

By Patrick Harverson in New York and Sara Webb in London

US government bonds received a mild boost yesterday morning from trade figures showing a decline in domestic and overseas demand and a small rise in jobless claims.

At midday, the benchmark 30-year Treasury issue was up ⅛ at 96, yielding 8.468 per cent.

Amid reports of swaps between issues and another squeeze on supply, the two-year note was slightly firmer, up 1/32 at 100 1/32, yielding 6.858 per cent.

Some market participants were said to have been switching in and out of the two-year.

Prices firmed slightly after the commerce department reported little change in the trade deficit for May, but a 0.9 per cent decline in exports and a 0.6 per cent fall in imports, figures which indicated a weakening in overall aggregate demand.

Sentiment was also buoyed by a 7,000 rise in initial claims for state unemployment during the first week of July.

GOVERNMENT BONDS

■ UK government bond prices rallied helped by better-than-expected unemployment figures yesterday. The gilt rally enabled the Bank of England to sell outstanding tranches of stock.

The number of jobless jumped by 59,700 in June to stand at 2.3m, the highest unemployment figure since May 1988. However, traders said the gilt market reacted favourably on the grounds that better-than-expected jobless figures may help the government's performance in the opinion polls.

The Bank of England sold all of its remaining tap stocks in the morning. The index-linked sector – which traders said had been oversold recently – has rallied in the last couple of days, allowing the bank to sell the remainder of its index-linked gilt due 2011. The index-linked stock has been available since May, and the bank decided to cut its price from 132¼ to 131 to sell the rest of the stock.

Two £250m tranches announced last Friday – of 9.5 per cent conversion stock due 2005 and of 12 per cent Exchequer stock due 1998 – were exhausted yesterday as well.

The benchmark 11¾ per cent gilt due 2003/07 opened at 110¼ and rose to 110 7/16 by late afternoon.

■ WORRIES over inflation helped depress German government bond prices yesterday when the Bundesbank expressed concern over the size of the public sector deficit, high wage growth and inflation in its monthly report.

The Liffe bund futures contract, which opened at 84.23, fell through the important technical support levels of 84.15 and 84.10, triggering further selling until it reached a low of 84.01. However, short-selling in the futures market helped to lift prices later and the futures contract traded at 84.13 by late afternoon.

Elsewhere, Dutch government bonds slipped in line with the German market. Traders reported rumours that the agency of the Dutch Finance Ministry might issue 30-year bonds, following a recent private placement of 30-year bonds.

The Dutch agency recently increased its debt maturity profile by issuing 15-year government bonds. These bonds proved very popular with domestic pension and insurance funds which want to match their liabilities. Traders believe that 30-year bonds would prove popular for similar reasons.

■ THE Belgian Treasury raised BFr11.68bn with the third tranche of its 9.25 per cent, 1991-98 government linear bond (OLO) at its monthly linear bond auction. But it did not accept any bids for the third tranche of its 9 per cent, 1991-2003 bond, Reuter reports from Brussels.

The average weighted yield on the seven-year bond was 9.516 per cent, up from 9.214 per cent the last time the bond was auctioned in May. The average weighted price was 98.657.

Banks made bids totalling BFr41.8bn at prices between 98.30 and 98.70. The lowest accepted price was 98.65.

For the 12-year bond, banks made bids totalling BFr35.9bn at prices between 95.80 and 96.50.

Linear bonds are sold by the Treasury on the third Thursday of every month. The auctions are open to all Belgian and Luxembourg banks and stockbrokers.

Later tranches of each bond are fungible with earlier tranches in the same manner as French OAT bonds. They are straight bullet bonds.

■ JAPANESE government bond prices fell on news that the Ministry of Finance has launched a fresh investigation into the Big Four securities houses.

The new investigation will look at whether Nomura, Nikko, Daiwa and Yamaichi promised to cover clients' losses or paid them compensation in the year up to March 31 1991. The news caused bond and share prices to fall in the afternoon, but short-covering helped bond prices to pick up slightly afterwards.

The yield on the benchmark no 129 bond opened at 6.72 per cent and closed at 6.735 per cent, after trading in a range of 6.715 to 6.745 per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	106.0467	-0.319	11.00	11.17	11.14
BELGIUM		10.000	08/00	103.2500	+0.050	9.44	9.40	9.28
CANADA *		9.750	12/01	98.5750	-0.050	9.97	10.00	9.92
DENMARK		8.000	11/00	98.1750	-	9.28	9.28	9.23
FRANCE	BTAN	9.000	02/96	98.9792	-0.143	9.25	9.25	9.26
	OAT	9.500	01/01	102.0900	-0.390	9.14	9.10	9.17
GERMANY		8.375	05/01	98.6800	-	8.57	8.54	8.34
ITALY		12.500	03/01	97.9200	-0.130	13.29	13.19	13.27
JAPAN	No 119	4.800	06/99	87.9751	-0.020	7.18	7.22	7.32
	No 129	6.400	03/00	98.1386	-0.080	6.74	6.78	6.87
NETHERLANDS		8.500	03/01	97.0900	-0.110	8.82	8.79	8.82
SPAIN		11.900	07/96	99.7750	-0.450	11.94	11.81	11.85
UK GILTS		10.000	11/96	98-31	+08/32	10.25	10.23	10.41
		10.000	02/01	98-28	+07/32	10.18	10.20	10.53
		9.000	10/08	92-18	+07/32	9.90	9.95	10.20
US TREASURY *		0.000	05/01	97-31	+03/32	8.30	8.32	8.27
		8.125	05/21	96-00	+08/32	8.49	8.49	8.46

London closing, *denotes New York morning session. Prices: US, UK in 32nds., others in decimal. Yields: Local market standard. Technical Data/ATLAS Price Sources

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on July 18

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 95	150	101⅝	102⅛	+⅛	7.66
ALBERTA PROVINCE 9 3/8 95	600	103⅛	103⅝		8.42
AUSTRIA 8 1/2 00	400	98⅛	98½	-⅛	8.82
BANK OF TOKYO 8 3/8 96	100	98⅝	99⅛	-⅛	8.72
BELGIUM 9 1/8 92	400	101¾	102⅛	-⅛	7.46
BFCE 7 3/4 97	150	97⅞	98⅛	+⅛	8.22
BNP 8 5/8 94	300	101½	101⅞		8.04
BP CAPITAL 9 5/8 93	150	102½	103⅛	+⅛	7.72
CANADA 9 96	1000	102⅞	103⅛	-⅛	8.20
CARCO 9 1/4 96	650	100⅛	100⅞		9.21
CCCE 9 1/4 95	300	103⅛	103⅝		8.15
COUNCIL EUROPE 8 96	100	98⅛	99		8.37
CREDIT FONCIER 9 1/2 99	300	103⅜	103⅞		8.81
DENMARK 0 98	250	55⅛	56		8.78
DENMARK 8 1/4 94	150	100⅞	101¼	-⅛	7.96
ECSC 8 1/4 96	193	99⅞	100¼		8.26
EEC 7 1/4 93	250	99⅛	100⅛		7.38
EIB 7 3/4 96	250	98⅛	98⅝		8.19
EIB 9 1/4 97	1000	102⅞	103		8.65
ELEC DE FRANCE 9 98	200	101¾	102⅛		8.63
EUROFIMA 9 1/4 96	100	102⅝	103⅛	+½	8.52
EXPORT DEV CORP 9 1/2 98	150	103⅝	104	-⅛	8.78
FINLAND 7 7/8 97	200	96⅛	97	+⅛	8.74
FINNISH EXPORT 9 3/8 95	200	103⅛	103⅜		8.42
FORD MOTOR CREDIT 9 1/2 93	300	102⅜	102⅞	-⅛	8.27
GEN ELEC CAPITAL 9 3/8 96	300	103⅛	103⅝	-⅛	8.56
GMAC 9 1/8 96	200	100⅜	100⅞		9.00
HALIFAX 9 1/2 93	200	102⅜	103⅛	-⅛	7.89
IBM WORLD TRADE 7 5/8 93	150	99⅝	100	-⅛	7.96
IND BK JAPAN FIN 7 7/8 97	200	95⅝	96⅛		8.84
INTER AMER DEV 7 5/8 96	200	96⅛	96⅞	-⅛	8.51
ITALY 8 1/2 94	1500	101⅜	101⅝	-⅛	7.98
JAPAN DEV BK 8 94	150	100⅜	100⅝		7.83
KANSAI ELEC PWR 10 96	350	104⅛	104⅝	-⅛	8.83
LTCB 8 5/8 93	150	101⅛	101⅝		7.82
NEW ZEALAND 8 93	100	100⅛	100⅞		7.77
NIPPON CRED BK 9 3/4 93	150	103⅛	103⅜		8.07
NIPPON TEL & TEL 9 3/8 93	200	103⅝	104	+⅛	8.15
NORDIC INV BANK 9 93	200	102⅝	103		7.50
ONTARIO HYDRO 11 5/8 94	200	107⅞	108⅝	+⅛	8.05
OSTER KONTROLLBANK 8 1/8 95	200	101	101⅛	-⅛	7.42
PETRO-CANADA 7 1/4 96	200	95⅛	95½	+⅛	8.51
PRUDENTIAL RLTY SECS 0 99	365.216	51⅛	51⅞		9.37
QUEBEC HYDRO 9 3/4 98	150	102⅞	103⅛	-⅛	9.17
QUEBEC PROV 9 98	200	99⅜	99⅝	-⅛	9.11
SAINSBURY 9 1/8 96	150	101⅞	102⅛	-⅛	8.77
SAS 10 99	200	99½	101	+⅛	10.07
SNAB 9 1/2 95	500	103⅛	104	-⅛	8.39
STATE BK STH AUST 9 1/4 93	100	101⅞	102⅛	-⅛	7.95
SUMITOMO BK CAP MKT 9 3/8 93	150	102⅝	103⅛		8.06
SWEDEN 8 1/8 94	150	100	101	-⅛	8.12
SWEDISH EXPORT 9 5/8 93	100	103⅛	103⅝		7.43
TOKYO METROPOLIS 8 1/4 96	200	99⅜	99⅞		8.38
WORLD BANK 8 3/8 99	1500	98⅞	99⅛	-⅛	8.75
WORLD BANK 8 3/4 97	1500	101⅞	102		8.49
XEROX CORPN 8 3/8 96	100	93⅛	97	-⅛	9.56

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
DEUTSCHE BK FIN 5 5/8 96	750	89⅛	89⅝		8.37
DEUTSCHE FINANCE 7 1/2 95	1000	97⅛	97⅝		8.28
EEC 5 3/8 93	300	93⅛	93⅝	+1⅛	9.04
EIB 5 3/4 98	400	86⅛	86⅝	+⅛	8.52
EIB 6 7/8 95	300	94⅛	94⅝	+⅛	8.50
EUROFIMA 6 1/4 98	400	87⅛	87½		8.71
FERRO DEL STAT 5 3/8 93	500	95⅛	95⅝	+⅛	8.97
IND BK JAPAN FIN 5 5/8 96	200	87⅜	87⅞	+⅛	8.87
IND DEV BK INDIA 6 3/8 94	200	88	88	-⅛	10.71
INTER AMER DEV 7 1/4 99	300	92⅛	92⅝	-⅛	8.64
LUFTHANSA INT FIN 5 7/8 98	500	85⅛	85⅝		8.86
MET EST & PROP INTL 7 99	150	88½	88⅞	+1⅛	9.11
NAT BK HUNGARY 8 96	200	90½	90⅞	+⅛	10.40
QUEBEC HYDRO 6 3/4 99	300	88⅜	88⅞		8.81
SWEDEN 6 1/8 98	300	88	88		8.55
VENEZUELA 8 1/4 93	100	96	96⅛	+⅛	10.23
WORLD BANK 0 15	2000	16	16		7.79
WORLD BANK 5 3/4 96	300	87⅛	87⅝	-1⅞	9.26
WORLD BANK 7 1/8 95	500	94⅛	94⅞	-2⅛	8.96

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	92	93½	-½	6.75
AUSTRIA 4 5/8 98	100	88		-½	6.96
CHUJITSUYA 7 3/4 95	50	101⅛	102		7.31
COUNCIL EUROPE 4 3/4 98	250	89⅛	89⅝	-⅛	6.82
EEC 5 1/2 00	100	91	92	+⅛	6.83
EIB 5 3/4 93	100	97½	98		6.96
ELEC DE FRANCE 7 1/4 06	100	104	105		6.80
FINLAND 5 3/8 95	150	96	96⅛	-⅛	6.46
GENERAL MOTORS 7 1/2 95	100	101⅛	101⅜	+⅛	7.01
JAPAN DEV BK 5 1/2 94	100	96⅛	97⅛		6.91
NEW ZEALAND 4 7/8 99	200	88	89		6.97
QUEBEC HYDRO 5 08	100	78	80		7.32
SKANDINAVISKA ENSK 6 1/2 95	100	99½	100⅛		6.65
WORLD BANK 5 03	150	86	87		6.73
WORLD BANK 7 01	600	102⅛	102⅝	+⅛	6.67

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	94⅞	95⅛		7.04
CANADA 4 3/8 92	50000	97½	97⅝	+⅛	7.22
CREDIT FONCIER 5 1/4 94	20000	94⅛	94⅝		7.19
DENMARK 7 95	40000	100	100⅛		6.98
EIB 4 5/8 94	40000	94	94⅛		7.05
GENERAL ELECTRIC 5 3/4 93	15000	97½	98	+⅛	7.34
INTER AMER DEV 7 1/4 00	30000	101⅛	102		6.97
ITALY 5 3/4 92	150000	99⅛	99⅜	-⅛	7.25
KANSAI ELEC PWR 4 5/8 94	60000	93⅛	93⅝		7.22
NIPPON TEL & TEL 5 7/8 96	50000	95⅛	95⅝		6.93
NORWAY 5 1/8 95	50000	94	94⅛		7.01
SWEDEN 5 5/8 95	20000	95	95½	-⅛	7.04
WORLD BANK 6 3/4 00	50000	99⅛	99⅝		6.86

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94⅛	95⅛		9.33
KREDIETCORP 7 93 LFr	1000	93⅞	96⅞		9.29
WORLD BANK 8 96 LFr	1000	96½	97½		8.92
AMRO BANK 6 1/4 92 Fl	150	96⅝	97⅜		9.68
RABOBANK 5 3/4 93 Fl	150	94½	95⅛		9.53
ALBERTA PROVINCE 10 92 C$	500	100⅛	100⅜		9.58
BCE INC 9 5/8 93 C$	300	99⅛	99⅞	+⅛	10.06
BELL CANADA 10 5/8 99 C$	150	98⅝	99⅛	+⅛	10.89
BRITISH COLUMBIA 9 1/4 95 C$	150	99	99½		9.88
EIB 10 1/8 98 C$	130	98½	99	-⅛	10.42
FORD CREDIT CANADA 10 94 C$	100	98	98½	+⅛	10.79
GENERAL ELECT CAP 10 1/4 93 C$	175	100⅞	101⅛	+⅛	9.82
MONTREAL TRUSTCO 8 1/2 92 C$	100	98	98⅝	-½	11.15
ONTARIO HYDRO 10 7/8 99 C$	500	100⅛	100⅜		10.83
QUEBEC PROV 10 1/2 98 C$	200	97½	98		10.99
ROYAL TRUSTCO 10 1/4 93 C$	100	99⅜	99⅞	+⅛	10.60
SWEDEN 9 3/4 93 C$	250	100⅛	100⅝		9.63
BELGIUM 9 1/8 96 Ecu	1250	99⅞	100	-⅛	9.17
CNT 7 3/8 95 Ecu	250	95⅞	96½	-⅛	10.10
CREDIT LYONNAIS 9 96 Ecu	125	96⅝	98⅝	-⅛	9.90
DENMARK 7 5/8 96 Ecu	250	91⅞	92½	+⅛	9.86
EEC 7 5/8 94 Ecu	200	96⅛	96⅝	-⅛	9.28
EIB 10 97 Ecu	1125	104⅛	104⅝		8.97
ITALY 10 3/4 00 Ecu	1000	108⅛	108⅝	-⅛	9.34
UNITED KINGDOM 9 1/8 01 Ecu	2750	99⅜	99⅞	-⅛	9.15
BMW FINANCE 14 1/2 92 A$	100	101½	102⅛	-⅛	12.09
COUNCIL EUROPE 13 93 A$	50	101⅛	102⅛	-⅛	11.98
EKSPORTFINANS 12 3/8 93 A$	75	102⅞	103⅜	+⅛	11.39
FORD CRED AUST 13 93 A$	50	100½	101½	-⅛	12.52
ICI 15 1/2 92 A$	100	102⅝	103⅜	-⅛	12.02
MCDONALDS CANADA 15 95 A$	100	108⅛	108⅞	-⅛	12.19
NAT AUSTRALIA BANK 14 3/4 94 A$	150	105⅝	106⅛	+⅛	11.99
STATE BK NSW 14 1/4 99 A$	100	108⅞	109⅛	+⅛	12.46
VOLKSWAGEN INTL 15 94 A$	100	106⅞	107⅛	-⅛	11.92
ABBEY NATL TREAS 13 3/8 95 £	100	106⅛	106⅝		11.16
BARCLAYS JERSEY 9 1/2 93 £	250	97⅝	98		11.05
BRITISH GAS 12 3/4 95 £	300	105⅛	105⅜	+⅛	10.88
DEUTSCHE BK FIN 11 94 £	225	100⅞	101		10.64
EIB 10 97 £	386.5	97⅛	97½	+⅛	10.68
FORD CREDIT FUNDING 9 5/8 93 £	90	96⅝	97⅜		11.82
INTER AMER DEV 11 3/8 95 £	75	102	102½		10.69
ITALY 10 1/2 14 £	400	94	94⅝	+⅛	11.23
LAND SECS 9 1/2 07 £	200	82	82⅝	+⅛	12.09
LEEDS PERMANENT 9 1/4 93 £	50	96⅝	97⅛	-⅛	11.33
NORWAY 10 1/2 94 £	200	99⅜	99⅞		10.73
ROLLS-ROYCE 9 5/8 93 £	150	96⅞	97⅛		11.49
SAINSBURY 10 7/8 95 £	100	99⅞	100	-⅛	11.25
SKANDINAVISKA ENSK 13 1/8 95 £	100	105⅛	105⅝	+⅛	11.26
WORLD BANK 11 1/4 95 £	100	101⅞	102⅛	+⅛	10.64
ABBEY NATIONAL 0 96 NZ$	100	58⅞	59⅜		10.86
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	104	105	-⅛	10.92
AIDC 7 7/8 93 FFr	600	96⅛	96½		9.82
CREDIT LYONNAIS 10 95 FFr	3200	101⅛	101⅝		9.59
EURATOM 7 5/8 90 FFr	500	91⅞	92⅜	-⅛	9.26

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ALBERTA PROVINCE 1/32 93	500	100.00	100.10	6.5156
ALLIANCE & LEICS 0.08 94 £	300	99.49	99.59	11.9550
BANCO ROMA 0.03 01	200	92.13	93.63	6.4675
BANCO SANTO SPIRITO 95	200	99.51	99.70	6.5000
BELGIUM 1/16 97 DM	500	99.93	100.08	9.1250
BFCE -0.02 96	350	99.86	99.96	6.1050
BNP 05	300	93.50	96.50	6.3125
BRITANNIA 1/10 96 £	150	99.08	99.28	11.9750
CCCE 06 ECU	200	99.82	99.92	9.5938
CITIZENS FED 0.15 96	100	99.25	99.75	7.0250
COMMERZBK O/S FIN 93	200	99.89	99.99	6.5625
DENMARK -1/8 96	1000	99.58	99.68	6.9896
DRESDNER FINANCE 1/32 98 DM	1000	99.98	100.08	9.2656
ELEC DE FRANCE 1/8 99	400	100.33	100.58	7.0000
FERRO DEL STAT 94	200	100.50	100.75	6.8750
HALIFAX 1/10 94 £	200	99.81	99.91	11.7250
HILL SAMUEL 1/4 PERP	75	83.75	86.25	6.4375
MITSUI FIN ASIA 1/8 96	100	99.68	99.78	7.0000
MORGAN (JP) 1/4 97	250	98.75	99.25	6.2500
NAT WEST FIN 3/16 05	400	92.63	93.38	6.5000
NEW ZEALAND 95	500	99.82	99.92	6.5000
QUEBEC PROV 01	300	96.16	96.60	6.1250
RENFE 98	500	99.88	99.98	6.0625
SOCIETE GENERALE 96	300	99.09	99.19	6.3125
STATE BK VICTORIA 0.05 99	125	98.50	98.75	6.4875
UNITED KINGDOM -1/8 96	4000	99.99	100.02	5.9575

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.86	116⅛	117⅛	+6.94
ASDA-MFI 4 3/4 02 £	100	1.64	117⅛	118⅛	
BURTON GROUP 4 3/4 01 £	110	3.15	116⅜	118	
EASTMAN KODAK 6 3/8 01	300	50.67	96⅛	97⅛	+18.39
GOLD KALGOORLIE 7 1/2 00	65	1.0554	73	74	+43.56
GOODYEAR TIRE 6 7/8 03	150	80⅛	75½	77	+64.32
GRACE (WR) 6 1/4 02	150	42⅛	90⅛	91⅛	+16.08
HANSON 9 1/2 06 £	500	2.5875	97⅛	98	+21.43
HAWLEY 6 02 PREF	400	19.1	76	80	
HILLSDOWN 4 1/2 02 £	150	4.16	110⅝	111⅛	
INTL PAPER 5 3/4 02	200	68⅛	105⅛	106⅛	+3.67
LAND SECS 6 3/4 02 £	84	6.72	81⅛	82⅛	+12.17
MITSUBISHI BK 1 3/4 02	300	2727.1	99	100⅛	+1.08
OGDEN 6 02	85	39.077	68⅛	69⅛	+43.28
PACIFIC DUNLOP 6 3/4 97	75	3.749	105	106	+2.78
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	83½	84½	+88.90
THORN EMI 5 3/4 04 £	103	7.45	113⅛	114⅛	+15.26

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا منه الأصل

INTERNATIONAL CAPITAL MARKETS

Swiss may scrap stamp duties on securities

THE Swiss Finance Ministry is considering scrapping all stamp duties on securities transactions as a method of stopping business drifting abroad, Reuter reports from Berne.

A spokesman said the ministry was considering two alternatives to put before the government.

One would reduce the stamp tax broadly according to a plan which failed to win voters' approval in a referendum in June.

The other would free all bourse transactions from the 0.3 per cent tax with the idea of "keeping Swiss securities trading on Swiss bourses".

"Swiss banks and finance houses have consistently complained that the stamp duty has not only prevented the development of a Swiss money market or Euromarket but also driven securities trade abroad, notably to London.

The spokesman stressed that both alternatives were still being worked out.

One will be put to the government after the summer recess and probably before parliament by the end of the year.

If the package wins parliament's approval it will have to go to another referendum and could not become law before 1993 at the earliest.

The proposal put to voters in June was voted down partly because it was tied to an unpopular plan to introduce valued added tax.

It would have abolished stamp duties on professional traders' holdings, foreign capital market issues and securities transactions made by Swiss institutions abroad.

But it would have levied stamp tax on domestic issues and life insurance premiums.

The spokesman could not say if the new proposal, like the old one, would include a tax on life insurance premiums.

New government figures show that revenues from stamp duty fell to SFr988m in the first half of 1991 from SFr1.15bn in the first half of 1990.

Nerves on edge as the Milan bourse gears up for reform

Haig Simonian analyses the expected impact of radical moves to liberalise Italy's out-dated financial markets

SOME say it was a hoax. But last week's advertisement in Italy's leading business newspaper from an unnamed Milan stockbroker seeking a domestic or foreign banking partner was the clearest sign yet of bow low morale has sunk among the country's brokers in the face of impending reform.

The culprit behind brokers' gloom is the Societa di Intermediazione Mobiliare (SIM), the new breed of broking and fund management operation which will spearbead Italy's belated moves towards liberalising its financial markets.

The success of the latest reforms, along with the move to screen-based trading for equities, is likely to determine whether the country manages to maintain a significant domestic equities market in the years ahead.

If not, it will face an inevitable drift of business away to other financial centres, notably London.

The SIMs will come in a variety of forms. The 15 to 20 most important SIMs will trade, and eventually make markets, in shares. Dozens of others will just manage funds and offer investment advice, much like the mixtnre of specialist finance companies and commission agents operating today.

Surprisingly, neither banks nor brokers are particularly happy ebout the prospects. So far, their worries focus less on competitive pressures from abroad than internal squabbling over who has done best out of the new rules.

The brokers are unhappy, because setting up a SIM will be expensive in terms of new capital and will entail heavy investment in technology and compliance.

And from a cultural point of view, the new rules will confront Italy's often archaic brokers with a bost of unfamiliar concepts such as "Chinese Walls" and costly divisions of labour.

But the banks, which will dominate the new SIMs, also feel wronged. They claim that they, rather than the brokers, bave been disedvanteged under the new rules. Many bankers argue that rather than accelerating the decline of the current Order of Stockbrokers, first establisbed early this century and barely revised since, the new SIMs rulebook approved by the Bank of Italy and Consob, Italy's stock market watchdog, will allow brokers to stay in business and undercut the SIMs.

The truth is somewhere between. The new law, which formally went into operation last January, sets a number of new requirements:

● From January 1992, equity trading on behalf of third parties will be permitted only through SIMs;

● All future trading in shares on behalf of third parties must take place exclusively on the bourse, putting an end to the banks' current practice of matching orders in-house;

● To protect the brokers, any SIM trading in shares on behalf of third parties will, during an opening one year "transition period" from January 1992, only be anthorised to do so provided its management includes an established broker;

● From January 1993, banks will be free to set up trading SIMs of their own.

A number of changes have appeared since the draft rules were first released. The main surprise has been the move to allow existing brokers to stay in business after January 1993 without becoming SIMs.

According to the definitive version of the rulebook, stockbrokers will be able to carry on trading shares until the compulsory retirement age of 70. However, once the latest competitions to appoint new brokers are completed, no more entrants will join thereafter.

The banks say the decision to let brokers stay in business without becoming SIMs will distort competition. Liberated from the need to meet the same capital and reporting requirements as the SIMs, unreformed brokers will be able to offer much cheaper commissions than the rule-bound SIMs, they argue. Bankers see the change as just a further example of the strength of the 220 brokers, who, despite their small numbers, form a powerful lobby.

The banks are also unhappy about another rule, which will forbid them from bunching together orders to save on commissions. Rather than combining dozens of sell orders for Fiat into one big order, banks will have to pass on the business to brokers as separate commission-earning deals.

Yet, despite such victories, the mood among brokers is hardly one of jubilation. Many doubt they will be able to survive in the long term against the SIMs.

As a result, Italy's belated Big Bang has been a far cry from its London equivalent. Rather than selling client lists and goodwill for inflated sums, Italy's brokers say they are destined for extinction.

There are a nnmber of reasons why broking firms have not been changing hands for millions. Tougher capital standards mean banks have less money to spend than a decade ago. And banks have learned some painful lessons in other markets too.

Moreover, Italy's deregulation is no longer taking place in a bull market, which encouraged sucb profligacy among banks in London and Paris in the past. And the fact that most Italian brokers are under-capitalised and old-fashioned mean they offer few advanteges over and above being an entry card to setting up a SIM.

The fact that the scales between banks and brokers are more finely balanced in Italy than in some earlier examples of market reform probably explains why most of the country's big banks have not yet announced links with brokers, leaving it to foreign financial institutions to make most of the running.

By contrast, big domestic banks like Milan-based Banca Commerciale Italiano (BCI) or Credito Italiano which are active in securities trading have been biding their time.

Wblie lnformel talks between banks and brokers have been taking place, both sides have probably been reluctant to commit themselves before seeing the final SIM rules.

Meanwhile, some banks may have decided to wait until January 1993, when they will be able to set np trading SIM without a broker. They will calculate that passing on commissions for a year is a small price to pay for being to set up a broker-free SIM thereafter. And those banks which would like to move earlier may be deliberately bidding their time, safe in the knowledge that their own negotiating position can only improve as the deadline for broker-free SIMs approaches.

Most big brokers acknowledge they will need outside help to set up a competitive SIM. Last month, Mr Alberto Albertini, managing director of Studio Albertini, one of Milan's leading brokers, announced a new joint venture SIM with Société Générale of France, which will inject new capital and expertise into the business.

Other big brokers have gone the same way. Pastorino, a leading Milanese firm, has teamed np with Banca del Gottardo, the Swiss bank controlled by Sumitomo Bank of Japan. And Glubergia, a highly-regarded Turin firm, will most probably set up a joint venture SIM with Warburgs.

Others have yet to decide. According to one banker closely involved in the business, the number of brokers with something to offer a bank partner in terms of expertise of clients can probably be counted on the fingers of one hand.

For the dozens of smaller firms in the second and third tiers, life will become much more difficult under Italy's stock market reform. When screen-based trading starts later this year, the challenge will be greater still.

This is the first of three articles on the subject.

ITALIAN SECURITIES REFORM

SIMs planned between brokers and outsiders

Broker	Partner
Albertini	Societe Generale
Arnaboldi	Sviluppo
Boffa	
Solbiati	Attimo (Akros)
Betazzi	Intercassa (Cariplo & savings banks
Giubergia	SG Warburg
Menicatti	Iccri (Italian Savings Bank Association) and Banque Bruxelles Lambert
Mortari	Gemina/Credit Lyonnais
Panigada	Sigeco (SIGE)
Pastorino	Banca del Gottardo

Mexican state bank back in the market

By Simon London

THE rehabilitation of Latin American borrowers in the international bond market took a further step forward yesterday, with Banobras, the Mexican state-owned bank, making its first issue since 1982.

The $100m five-year deal, lead managed by Credit Suisse First Boston, is also the longest maturity borrowing by a Latin American borrower since the early 1980s.

The bonds carry a coupon of 10¾ per cent and were re-offered to investors at a fixed price of 100.55. At this level, the yield spread is 239 basis points over US Treasury bonds.

The pricing was in line with other recent issues by Mexican borrowers. For example, Pemex, the Mexican state-owned oil company, launched a $125m three-year deal via Swiss Bank Corporation in February. This issue was launched at a yield spread of 320 basis points, but the spread had narrowed to 230 basis points by early this month.

The performance of earlier transactions for Pemex and the smooth placement of yesterday's deal underline the progress made by Mexican borrowers since they returned to the Eurobond market last September. Borrowers from other nations have further to go. Petrobras, the Brasilian pnblic sector oil group, paid a yield spread of over 600 basis points for a successful $250m two-year issue launched earlier this month through Chase Investment Bank.

Banobras is a development bank which lends funds to central and regional governments for infrastructure projects. Many of Mexico's commercial banks are in line for privatisation, but Banobras will remain in the public sector. The last bond issue by Banobras was a $150m deal, maturing in April next year, launched in 1982.

The lead manager commented that demand for the new bonds was supported by retail investors hungry for high-yielding assets. Once freed to trade by the lead manager, the deal traded up to 100.75 bid, with the spread over US Treasuries stable.

A contrasting deal in the Eurodollar sector came from Toyota Motor Credit Corporation, the funding arm of the Japanese car manufacturer, which launched a $200m four-year deal.

Also lead managed by CSFB, the deal offers the similar terms to Wednesday's $200m four-year deal for Crédit Local via Daiwa Europe. However, TMCC bonds were re-offered yesterday at a fixed price of 100.03 for a yield spread of 45 basis points over Treasuries – 4 basis points less than on the earlier deal.

Against this, the borrower is popular with both retail and institutional investors. The lead manager opted to hold the bonds at the fixed re-offer price overnight and the deal will be freed to trade today.

The World Bank launched a L500bn 10-year issue in the Eurolire sector, lead managed by Instituto Bancario San Paulo di Torino.

The deal was smaller than many in the market had expected – a deal of up to L1,000bn had been anticipated. However, syndicate managers in London said the issue was of sufficient size and liquidity to attract institutional investors.

Italian investors can claim coupon payments on bonds issned by the World Bank free of withholding tax. This ensured a warm response from them. From an issue price of 101⅞ the bonds were trading at 100.31 bid by late afternoon, inside full fees of 1⅞ per cent.

● Alcatel Commercial Papers has mandated a DM1bn commercial paper programme for short-term debt, guaranteed by its parent Alcatel NV, Reuter reports.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Toyota Motor Credit Corp(a)†	200	8¼	101.43	1995	1⅝/1.525	CSFB
Banobras(c)†	100	10¾	101.425	1996	1⅞/1⅜	CSFB
AUSTRALIAN DOLLARS						
State Bk.NSW(a)†	100	11¾	100	2001	2⅜/1⅜	Deutsche Bk.Cap.Mkts.
LIRE						
World Bank(a)†	500bn	10⅞	101⅞	2001	1⅞/1¼	Is.Bco.San Paolo
SWISS FRANCS						
Nikkodo Co.(b)★★§	100	4	100	1995	-	Daiwa Secs.(Switz.)
Mandom Corp.(d)★★§	70	5½	100	1995	-	Nomura Bk.(Switz.)

★★Private placement. §Convertible. ΦWith equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Put option 20/3/94 at 107⅞% to yield 6.811%. c) Full name of borrower - Banco Nacional de Obras y Servicios Publicos. Non-callable. d) Coupon payable semi-annually. Non-callable.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday July 18 1991: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Wed Jul 17 Index No.	Tue Jul 16 Index No.	Mon Jul 15 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (184)	815.11	-0.1	10.62	5.92	11.61	22.20	815.81	815.48	806.24	890.42
2	Building Materials (24)	1035.04	-0.2	9.37	6.03	13.51	30.76	1036.66	1036.38	1023.63	1126.79
3	Contracting, Construction (31)	1146.57	+0.1	9.60	6.81	13.74	31.97	1145.63	1144.99	1140.47	1452.81
4	Electricals (10)	2387.22	+0.7	10.76	5.61	11.83	61.85	2370.30	2335.81	2312.92	2449.00
5	Electronics (25)	1696.71	-0.5	8.85	5.29	15.03	46.44	1705.89	1710.21	1691.14	1838.37
6	Engineering-Aerospace (8)	412.43	+1.1	16.60	6.08	7.24	12.11	407.82	407.45	406.88	479.06
7	Engineering-General (46)	440.47	-0.4	12.51	5.72	9.78	11.82	442.03	439.31	434.51	491.62
8	Metals and Metal Forming (8)	438.27	-0.1	16.10	8.06	7.63	16.70	438.80	431.02	425.45	493.69
9	Motors (12)	319.45	+0.3	12.37	7.57	9.53	9.98	318.49	314.76	308.51	357.74
10	Other Industrial Materials (20)	1556.79	-0.3	8.96	5.17	13.13	34.85	1561.03	1574.93	1553.44	1615.47
21	CONSUMER GROUP (187)	1491.38	-0.7	7.86	3.65	15.65	24.21	1502.18	1500.99	1487.27	1323.39
22	Brewers and Distillers (22)	1824.14	-0.8	8.44	3.63	14.45	27.57	1838.48	1832.13	1813.45	1638.06
25	Food Manufacturing (19)	1170.20	-0.6	9.80	4.23	12.59	24.43	1177.52	1185.41	1181.40	1113.71
26	Food Retailing (17)	2738.66	-0.8	7.87	3.06	16.62	39.61	2761.29	2729.20	2700.48	2592.78
27	Health and Household (22)	3624.89	-1.0	5.25	2.38	21.77	30.86	3661.52	3670.74	3623.60	2607.39
29	Hotels and Leisure (23)	1224.12	-1.1	10.39	5.66	11.49	30.99	1238.18	1236.96	1222.05	1455.07
30	Media (26)	1402.20	-0.5	9.12	5.02	13.90	36.17	1409.26	1407.65	1408.35	0.00
31	Packaging, Paper & Printing (17)	724.76	+0.5	7.76	4.55	15.55	14.33	721.07	717.11	706.45	619.24
34	Stores (32)	931.95	-0.5	8.31	3.90	15.71	17.06	936.23	936.67	930.72	822.65
35	Textiles (9)	554.72	+0.7	9.04	5.59	13.74	13.79	551.11	550.20	539.22	491.65
40	OTHER GROUPS (109)	1231.78	-0.2	10.17	5.21	12.12	23.73	1234.67	1235.48	1227.06	1195.25
41	Business Services (12)	1276.53	-0.3	8.98	5.11	13.60	29.13	1280.82	1283.72	1274.21	0.00
42	Chemicals (21)	1402.32	-0.4	8.04	5.14	14.05	32.92	1407.37	1406.81	1394.60	1287.60
43	Conglomerates (10)	1432.68	-0.2	10.64	7.24	11.35	31.93	1436.22	1434.07	1422.24	1659.53
44	Transport (13)	2157.35	-0.5	8.77	4.94	14.14	48.98	2167.15	2170.85	2144.06	2349.03
45	Electricity (16)	1202.56	+0.3	14.36	5.40	8.89	18.41	1198.96	1202.74	1200.77	0.00
46	Telephone Networks(4)	1462.59	-0.3	10.14	4.16	12.90	5.58	1466.55	1467.36	1458.85	1237.43
47	Water(10)	2371.93	+1.7	17.27	6.49	6.40	118.37	2332.42	2308.94	2287.86	1892.18
48	Miscellaneous (23)	1985.47	-1.2	6.09	4.86	21.29	47.89	2010.02	2020.84	2009.54	1818.45
49	INDUSTRIAL GROUP (480)	1243.63	-0.4	9.14	4.59	13.48	24.03	1249.14	1248.83	1237.83	1187.45
51	Oil & Gas (20)	2500.72	+0.4	10.85	5.47	12.13	50.59	2491.88	2469.92	2447.29	2347.01
59	500 SHARE INDEX (500)	1349.19	-0.3	9.36	4.70	13.29	26.28	1353.75	1351.89	1339.93	1284.73
61	FINANCIAL GROUP (94)	792.58	-0.8	-	5.97	-	20.81	799.20	795.54	787.08	814.32
62	Banks (9)	915.58	-1.2	6.55	6.05	23.12	22.63	926.64	916.45	896.34	875.03
65	Insurance (Life) (7)	1478.66	-0.4	-	5.59	-	41.64	1483.98	1490.43	1479.09	1491.90
66	Insurance (Composite) (6)	650.46	-1.3	-	6.73	-	20.23	659.35	663.67	661.58	696.86
67	Insurance (Brokers) (8)	1164.36	+0.3	6.70	5.82	19.35	30.61	1161.10	1151.01	1147.58	954.93
68	Merchant Banks (7)	424.18	-0.2	-	4.94	-	11.00	425.20	421.73	417.94	443.22
69	Property (37)	888.00	-0.4	6.29	5.17	22.80	19.84	891.66	886.26	891.19	1097.02
70	Other Financial (20)	258.43	+0.2	11.09	6.98	11.28	7.80	257.89	258.01	257.28	291.19
71	Investment Trusts (70)	1207.29	-0.2	-	3.52	-	19.41	1209.34	1211.79	1202.77	1232.29
99	ALL-SHARE INDEX (664)	1214.62	-0.4	-	4.84	-	24.65	1219.47	1217.40	1206.38	1171.71
		Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jul 17	Jul 16	Jul 15	Jul 12	Jul 11	Year ago
	FT-SE 100 SHARE INDEX‡	2547.3	-13.7	2558.1	2546.6	2561.0	2556.8	2532.5	2497.4	2510.5	2387.3

FIXED INTEREST

	PRICE INDICES	Thu Jul 18	Day's change %	Wed Jul 17	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (29)	120.99	+0.06	120.92	1.71	6.71
2	5-15 years (27)	131.93	+0.16	131.72	2.57	7.10
3	Over 15 years (9)	139.58	+0.29	139.17	2.64	6.44
4	Irredeemables (6)	152.58	+0.10	152.43	1.93	7.34
5	All stocks (71)	130.71	+0.14	130.53	2.28	7.02
	Index-Linked					
6	Up to 5 years (1)	159.81	+0.16	159.55	0.60	2.72
7	Over 5 years (10)	145.44	+0.45	144.79	0.41	2.76
8	All stocks (11)	146.42	+0.44	145.78	0.42	2.76
9	Debs & Loans (56)	109.67	+0.16	109.50	2.60	5.33

	AVERAGE GROSS REDEMPTION YIELDS		Thu Jul 18	Wed Jul 17	Year ago (approx.)
	British Government				
1	Low	5 years	9.07	9.03	10.75
2	Coupons	15 years	9.84	9.86	10.74
3	(0%-7¾%)	20 years	9.84	9.86	10.74
4	Medium	5 years	10.24	10.26	12.05
5	Coupons	15 years	10.03	10.06	11.23
6	(8%-10¾%)	20 years	9.96	9.99	10.89
7	High	5 years	10.42	10.44	12.14
8	Coupons	15 years	10.16	10.19	11.48
9	(11%-)	20 years	10.06	10.08	11.12
10	Irredeemables	†	10.04	10.05	10.79
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.41	4.46	5.45
12	Inflation rate 5%	Over 5 yrs.	4.34	4.37	4.36
13	Inflation rate 10%	Up to 5 yrs.	3.41	3.46	4.27
14	Inflation rate 10%	Over 5 yrs.	4.14	4.17	4.17
15	Debs &	5 years	11.91	11.95	13.82
16	Loans	15 years	11.70	11.73	12.78
17		25 years	11.49	11.51	12.51

‡Opening index 2557.1; 9 am 2554.4; 10 am 2555.3; 11 am 2554.5; Noon 2554.9; 1 pm 2554.1; 2 pm 2552.3; 2.30 pm 2552.5; 3 pm 2555.1; 4.10 pm 2547.2; (a) 9.32am (b) 4.16pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	66	5	12
Corporations, Dominion and Foreign Bonds	6	0	14
Industrials	221	279	1,015
Financial and Properties	68	142	529
Oils	24	18	48
Plantations	0	1	9
Mines	26	37	95
Others	26	63	57
Totals	437	545	1,779

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
$100	F.P.	-	107	101	Airtrust Preferred Inc.Tst.	102		$12.32	-	16.1	-
$102	F.P.	-	108¼	104	Do. Zero Div. Prf.	108¼		-	-	-	-
-	F.P.	-	41	10	Aegis Warrants 5p	39			-	-	-
‡	F.P.	-	185	185	Brockhampton 10p	185			-	-	-
‡	F.P.	-	33	33	Do. A Warrants 10p	33			-	-	-
‡	F.P.	-	155	140	Do. Non/Vtg. A 10p	155			-	-	-
‡	F.P.	-	106	105	Capital Ventures 1p	105			-	-	-
100	F.P.	-	102	95½	City Merchants High Yld	96		N7.5	-	10.4	-
225	F.P.	-	236	225	Eurocamp 5p	235	-1	R6.5	2.5	4.8	11.3
-	F.P.	-	518	505	Fleming Emrg. Mkts.	505	-5				
-	F.P.	-	½	¼	Gaelic Res. Wrnts.	½			-	-	-
Ir230	F.P.	-	245	205	Greencore Ir£1	207	-3	uQ6%	5.9	1.9	8.8
385	F.P.	-	335	272	Manchester United 10p	284	-1		-	-	-
125	F.P.	-	127	89	Mirror Grp. Newspapers	92	-1	R6.55	1.7	9.5	8.3
100	F.P.	-	113	100	Moorgate Smaller Co's.	105		N4.13	-	5.2	-
35	F.P.	-	39	36	Do. Warrants	36					
240	100	-	124½	109	Scot Hydro-Elect. 50p	111		29.13	1.9	4.8	13.4
240	100	-	119½	101	Scottish Power 50p	105	+½	L9.2	q2.1	5.0	10.8

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
‡	F.P.	-	107p	106p	Brockhampton N/V 9½pc Rd Prf 1996 £1	106p	
100	F.P.	-	110¼	98¾	Burmah Cap (Jersey) 9½pc Cnv Bds 2006	101¼	+¼
100	F.P.	-	101½	96½	EE Finance 8¼pc Gtd. Exch. Bds. 2006	101½	+¾
Ir110p	Nil	-	22½p	18p	Fyffes 8.25p (Net) Cnv Cm Prf Ir£1	21½p	+½
100p	F.P.	-	104½p	97½p	Queens Moat Houses 7½pc Cr Rd Pf	97½p	
100	F.P.	-	103¼	96½	RMC Capital 8¾pc Cnv. Bds. 2006	99½	+¼
100	F.P.	-	103½	96¼	Tarmac 9½pc Cnv. Cap. Bds. 2006	98	-¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+or -
85	[illegible]	[illegible]	[illegible]	[illegible]	Amber Day 2½p	[illegible]	[illegible]
140	[illegible]	[illegible]	[illegible]	[illegible]	British Fittings 20p	[illegible]	[illegible]
Ir25p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
312	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

a Amended dividend. b Figures based on prospectus estimate. [illegible]

TRADITIONAL OPTIONS

- First Dealings July 8
- Last Dealings July 19
- Last Declarations Oct. 10
- For settlement Oct. 21

For rate indications see end of London Share Service

Calls in Amstrad, Aviva Pet, Barratt Devs., Costain, Doctus, Howden, Rosehaugh and Sterling Trust. Puts and calls in Amstrad and Control Sec.

LONDON TRADED OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Alld Lyons (*562)	500	62	78	88	½	4½	9½
	550	14	41½	56	3¼	16	24
	600	1¼	19	32½	38½	44	48½
ASDA (*93)	80	12½	13½	15½	½	2¼	3
	90	3½	6½	10	1¼	5½	6¼
	100	½	3¼	6	7½	11½	12½
Brit. Airways (*168)	140	28	31½	34½	¼	1½	4
	160	8	17	20½	1¼	6½	8½
	180	½	7	10	12½	15½	19½
SmKl Beecham A (*821)	750	70	89	106	½	8½	14
	800	21½	54	73½	3	21½	29½
	850	1¼	28½	47½	33½	48	56
Boots (*400)	360	39½	51	57	½	3¼	6
	390	10	29½	37	1½	10	14½
	420	-	13	21½	-	24½	29
B.P. (*354)	330	24	30	35½	½	4¼	7½
	360	2¼	13¼	10	7½	16½	20½
	390	½	3¼	7¼	35½	37½	39½
British Steel (*123)	110	13	10	-	¼	1½	-
	120	3½	8¼	12	1	3½	6¼
	130	¼	3¼	7½	7¼	9	11
Bass (*933)	900	-	-	86½	-	-	30½
	929	13	52½	-	6½	27½	-
	950	-	-	56½	-	-	53½
C & Wire (*571)	500	70	85½	96½	½	3½	7
	550	22½	46½	61	2	11½	19½
	600	1	21	34½	30½	39½	46½
Courtaulds (*431)	390	40½	54	63	½	4	S
	420	12½	35	43	1½	11½	16½
	460	-	13½	23½	-	30	35
Com. Union (*514)	460	54	57½	71½	½	5½	8½
	500	15	29½	44½	1½	17½	22½
	550	½	10½	21¼	36½	49	51
Fisons (*507)	460	46½	61	73	½	5	8¼
	500	8½	33	46	3	13½	21½
	550	½	11½	22½	44	44	45
GKN (*352)	330	22½	29½	40½	1	10½	14½
	360	2	13½	25	11½	24½	10
	390	½	5½	13½	37½	46½	51½
Grand Met. (*788)	750	38½	64	82½	2	17½	26
	800	4½	35½	52½	16½	41	47½
	850	½	17½	33	62	75½	79½
I.C.I. (*1295)	1250	45½	88½	128	3	43½	50½
	1300	12½	62½	100	20½	68½	73½
	1350	3	43½	76½	60½	98½	101
Kingfisher (*516)	460	35½	67½	82½	½	5	9½
	500	17½	10½	55½	1¼	15	19½
	550	½	14½	27½	34½	42½	46½
Ladbroke (*243)	240	6¼	10	23	2½	12½	10½
	260	1	9¼	13½	17	24	28
Land Secs (*485)	460	25½	40½	48½	½	5	10
	500	½	14½	26	14	21	28
M & S (*267)	260	7¼	19½	25	1¼	7	10
	280	½	9½	15½	13½	16½	18½
Sainsbury (*370)	356	14	28	37	½	7	11
	386	½	11½	20	10	21½	25
Shell Trans. (*532)	500	32	44½	55½	½	8½	12½
	550	1¼	37	26½	19½	30½	35½
Storehouse (*108)	100	8½	15½	16½	1	2¼	5
	110	1½	7½	10½	3½	7	9½
Trafalgar (*239)	220	20½	32½	37½	1	S	14
	240	4	21	24½	4	16½	23½
Utd. Biscuits (*377)	360	17	29	38	¼	9	13½
	390	1¼	12½	21	14½	24	27½

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Unilever (*743)	700	43½	68½	81½	1¼	S	14
	750	4½	35½	50½	12½	25½	32½
Ultramar (*266)	260	6½	15½	24½	¾	8	10
	280	1	7	14½	14½	21½	24½
Option		Aug	Nov	Feb	Aug	Nov	Feb
Brit Aero (*559)	550	22½	35½	52½	12	27½	30½
	600	5	15½	30	46	56½	60½
BAA (*417)	390	33	47	-	2¼	S	-
	420	12½	28	35½	13	19½	25
BAT Inds (*743)	700	54	62	84½	5½	16½	21
	750	19	32½	53½	21½	35½	41½
BTR (*402)	390	21	27½	39½	6	14½	18
	420	6½	14	24	21	30½	34½
Brit. Telecom (*366)	360	10	20½	26	10¼	14	19
	390	1	7	14	32½	35	38
Cadbury Sch (*362)	360	14½	24	35	9½	15	18½
	390	3¼	11½	22	27½	32	34
Eastern Elec (*182)	180	9	15½	19½	6	8½	11½
	200	2¼	7	10	10½	19½	22½
Guinness (*982)	950	50½	73½	101	9	23	29½
	1000	20½	46½	71½	29½	44½	49½
GEC (*189)	180	12	18½	20	2	3½	5½
	200	2	7	10¼	12	13½	15
Hanson (*207)	200	11¼	10½	21½	2½	5¼	10½
	220	2½	8¼	11¼	14	15½	21½
LASMO (*355)	330	29	39½	50½	4	9½	13½
	360	8	22	32	10	20½	25½
Lucas Inds (*144)	140	8	13½	15½	4¼	8½	11
	160	1¼	5¼	7	16½	19½	23½
P. & O. (*552)	550	21½	32½	44½	15½	29½	35½
	600	4	13½	24½	48½	63½	68½
Pilkington (*152)	140	14½	21	23¼	1¼	5	8
	160	4	10	14	10½	13½	17½
Prudential (*236)	220	19½	24½	30½	2	4½	7¼
	240	7½	12¼	18¾	8	13½	15½
Racal (*221)	220	9½	18¼	25	S	14	10
	240	2¼	10	16¼	20	24	28
R.T.Z. (*569)	550	32½	45½	61½	8	19	23
	600	8¼	21	35½	34½	44½	49½
Scot. & New (*417)	390	26½	36½	43½	5¼	11	14½
	420	7½	20	20	20	24½	10½
Tesco (*286)	280	13½	21	28½	5½	8½	11
	300	4	8½	17½	15½	19	21
Thames Water (*366)	350	20	35	39	3¼	6½	9½
	370	7¼	21	26	10½	13½	17½
Option		Jul			Jul		
STC (*320)	280	-	-	-	¼	-	-
	300	-	-	-	¼	-	-
Option		Sep	Dec	Mar	Sep	Dec	Mar
Abbey Nat. (*291)	280	17½	26½	33½	6¼	9	12
	300	8	10	22½	10½	18½	21½
Amstrad (*49)	45	6¼	8½	10¼	2¼	3¼	5¼
	50	3¼	6	8	4¼	6¼	7¼
Barclays (*465)	460	19½	34	44	17½	23½	28
	500	6	16	-	45	48	-
Blue Circle (*249)	240	10	25½	35½	7½	11½	14½
	260	0¼	16	23½	18½	22	24
British Gas (*269)	240	29	31	33½	2½	4½	6¼
	260	11½	18	21	8	11½	14½
Dixons (*215)	200	21	26½	31½	3¼	6	8½
	220	8½	15	20½	11½	14½	15½

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Eurotunnel (*456)	420	50	66	80	8½	15½	28½
	460	24	41½	56	24	31½	36½
Glaxo (*1263)	1250	62½	98½	128	44½	57½	65½
	1300	38½	73½	101	73½	82½	86
Hawker Sidd. (*569)	550	38	52	63½	16¼	26	32½
	600	15½	27½	40½	44	53½	57
Hillsdown (*226)	220	15½	21½	27½	7	10½	13½
	240	6½	12½	17½	17½	21½	23
Lonrho (*259)	240	20	29	32	5	8¼	13½
	260	8¼	17½	21	14	17	23½
Midland Bk (*196)	180	21½	29	34½	3¼	5¼	7¼
	200	10	17½	23½	11½	14	10
National Power (*148)	140	7¼	11	13	7	8	10
	160	1½	4¼	6	21½	21½	23½
Reuters (*784)	750	63	89½	109	21	31	41½
	800	35	59½	82	41	55	63
R. Royce (*151)	140	15½	18½	22½	3½	5¼	7¼
	160	4½	7¼	13	13½	13	17¼
Sears (*75)	70	7½	9	11	2	3½	4
	80	2½	4	6	7	7¼	9
THF (*246)	240	16	20½	26½	5¼	10	12½
	260	5½	11	17½	16½	20½	22½
Thorn EMI (*729)	700	48½	66	80½	11	20	23½
	750	19½	38	51½	31½	41½	46½
TSB (*144)	140	6¼	12	14½	5	6¼	8¼
	160	1½	3¼	6¼	18½	19	20½
Vaal Reefs (*S76)	70	10¼	14	10	4¼	6¼	9¼
	80	5¼	9¼	11¼	9¼	11¼	14¼
Wellcome (*718)	700	32½	72½	93½	23½	34½	39½
	750	28½	46	66½	48½	58½	61½
Option		Sep	Dec		Sep	Dec	
Scottish Power (*103)	100	8	12	-	2¼	3¼	-
	110	4¼	6¼	-	9	10	-

EURO FT-SE INDEX (*2547)

	2325	2375	2425	2475	2525	2325	2625	2675
CALLS								
Jul	218	169	120	73½	34½	11	2	1
Aug	235	187	142	101	66½	38½	20½	9
Sep	249	-	160	-	90	-	39	-
Dec	297	-	222	-	151	-	96	-
Mar	337	-	272	-	200	-	137	-
Jun	385	-	315	-	250	-	190	-
PUTS								
Jul	½	1	2½	6½	18	43	83½	131
Aug	4½	8½	13	21	38½	60½	90	126
Sep	10	-	22½	-	45	-	96	-
Dec	28	-	40½	-	70½	-	110	-
Mar	39½	-	58	-	82½	-	112	-
Jun	49½	-	70	-	100	-	130	-

FT-SE INDEX (*2547)

	2300	2350	2400	2450	2500	2550	2600	2650
CALLS								
Jul	248	198	140	99	53	21	5½	1
Aug	257	210	165	123	82½	51	27	13
Sep	274	229	184	143	106	70½	49	31
Oct	289	244	203	165	130	98½	71½	48½
Dec †	320	-	241	-	167	-	107	-
Jan †	390	-	315	-	260	-	205	-
PUTS								
Jul	½	1	2	3½	10	29½	65½	112
Aug	3½	5½	10½	17½	29½	50½	79½	117
Sep	8½	13	10	28	42½	63	91½	126
Oct	13	20½	28½	40	53	72	98	129
Dec †	24	-	42½	-	70	-	111	-
Jan †	55	-	75	-	110	-	150	-

July 10 Total Contracts 31,095
Calls 18,876 Puts 12,219
FT-SE Index Calls 2,548 Puts 4,749
Euro FT-SE Calls 128 Puts 958
*Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices.

Deal will result in Trafalgar House's container shipping operation being split up

P&O agrees £42.5m acquisition of Ellerman

By Richard Tomkins, Transport Correspondent

THE PENINSULAR and Oriental Steam Navigation Company yesterday agreed to buy the Ellerman container shipping interests of Trafalgar House for £42.5m in cash.

The acquisitiou will also result in the transfer of £20m worth of borrowings to P&O.

However, the total cost of £62.5m will be partially offset by unquantified snms received for parts of the Ellerman business which are to be sold on.

Lord Sterling, P&O's chairman, said the purchase price would be more than covered by the £80m that P&O was to receive for its recently-agreed sale of the port of Felixstowe to Hntchison Whampoa of Hong Kong.

The deal will consolidate's P&O's position as Britain's biggest container shipping group and end Trafalgar House'a involvement in cargo shipping.

Trafalgar House will, bowever, retain lts Cunard Line passenger shipping operations comprising the flagship Queen Elizabeth 2 and six other cruise ships.

It will also retain the Atlantic Conveyor, a modern container vessel plying the North Atlantic trades. This vessel is on charter to Atlantic Container Line until the end of the century.

P&O said its main purpose in agreeing the deal was to strengthen its interests in the trades between Europe and Australia, New Zealand and Africa, where it and Ellerman had operated in competition.

Ellarman's Europe-Anstralasia business will be combined with its own, bnt tha Australasia-North America business will go to Blue Star Line and the Mediterranean, Middle Eastern, Indian and East African trades will be sold to Andrew Weir Shipping.

P&O's shares closed up 8p yesterday at 552p, Trafalgar House's fell 3p to 239p.

Peaks and troughs in a contracting industry

Richard Tomkins looks at the background to P&O's purchase from Trafalgar House

IT HAS been a week of good and bad news on the shipping front for Lord Sterling, chairman of the Peninsular and Oriental Steam Navigation Company.

On Monday he suffered the ignominy of a personal defeat when his 18-month-long campaign to win tax breaks for the UK shipping industry (and, thereby, P&O) came to grief in the House of Commons.

Yesterday he was savouring the joys of a personal triumph as his company devoured the container shipping interest of his old adversary Sir Nigel Broackes, chairman of Trafalgar House.

The two groups have long borne a striking resemblance to one another, vying to build up portfolios embracing property, construction and housebuilding as well as shipping.

Trafalgar House entered the shipping business in 1971 through its acquisition of Cunard, the passenger line. It attempted to expand by taking over P&O in 1983, but its bid was successfully fought off by Lord (then Mr) Sterling. Consolation came with the purchase of the Ellerman container shipping line four years later.

P&O, meanwhile, expanded rather more quickly, most notably through the purchase of Overseas Containers, Britain's biggest container line, in 1986 and through the takeover of European Ferries, the cross-channel ferry operator, the sama year.

For Sir Nigel, the disposal of his container shipping interests to his traditional rival must have been a bitter pill to swallow. But in the light of developments in the container shipping industry, he found himself with little choice.

When consortia for the operation of the most important world trade rontes began to emerge in the 1970s, they were seen as advantageous because they allowed shipping lines to take a stake in the container trade routes without the need for massive investments in vessels and equipment.

More recently the consortia have begun to founder. In some cases, the patterns of world trade on which they were based have shifted; everywhere, poor shipping rates have put them under pressure; the recession in world trade has led to overcapacity; and more efficient operators have come to resent being constrained by a cost base dictated by less efficient members.

As in many older industries, the still relatively new container shipping industry has now started to succumb to a process of rationalisation in which the smaller operators are being absorbed by the larger ones.

Trafalgar House's Ellerman subsidiary was involved in a series of different consortia, but in global terms was only a tiny player. Its prize asset was the Atlantic Conveyor, a modern container ship purpose-built for the north Atlantic trades.

Sir Nigel Broackes, left, and Lord Sterling: have long competed with each other in building up similar empires

Aside from that it owned just four other container ships and a small tanker, and co-owned 11 container ships with other members of consortia.

Not large enough to secure the economies of scale necessary to survive in today's shipping market, it found itself in a double bind: unable to make a satisfactory return on its assets and unable to generate sufficient cash to renew them.

P&O, easily Britain'a biggest remaining shipping company, is a logical buyer: not so much for the rag-bag of consortium interests which Ellerman comprises, but for the Australia, New Zealand and South Africa trade rontes inclnded in the portfolio.

At present P&O Containers is in direct competition on these important trades with the so-called ACT(A) consortium, in which Ellerman has a 57.5 per cent stake and Blue Star Lines, a Vestey family company, 42.5 per cent.

Yesterday's deal means P&O will not only acquire Ellerman's stake in ACT(A): it will also take Blue Star's stake in exchange for Ellerman's Australasia/North America trades, which P&O does not want.

P&O is therefore seeing off its main competitor on this ronte while greatly increasing its capacity, with only a minimal increase in on-shore costs.

In addition, it will acquire the Ellerman container terminal interests in Australia to add to its own extensive waterfront operations in that country.

One obstacle standing in the way of the deal is the possibility of a Monopolies Commission inquiry. But it is unlikely to be a serions threat. Although competition between British operators will be eliminated, shipping is a global industry in which competition between international operators is often fierce.

An unanswered quastion remains, however, abont what it means for seafarers' jobs. No cuts were unannounced yesterday, but the logic of the deal rests firmly on the opportunities for rationalisation it presents. In all likelihood it points to a further contraction of Britain's dwindling merchant fleet.

See Observer

BT calls in new managing director

By Hugo Dixon

BRITISH Telecommunications will have a new group managing director later this year, the UK's largest company by market capitalisation revealed yesterday.

The new executive, so far unnamed, will take up a position left vacant wben Mr Graeme Odgers, the previous gronp managing director, resigned last year. He will report to Mr Iain Vallance, who remains chairman and chief executive of BT.

The new gronp managing director, who currently works for another telecommunications company in the UK, was said not to be a "household name". He is expected to take up his appointment at the beginning of September and to be paid £250,000-£500,000 a year.

Meanwhile, Mr John Raisman, a former chairman of Shell UK, is to retire as BT's non-executive depnty chairman later this year. He is likely to be replaced by Mr Mike Betts, currently the executive vice chairman, but in an executive capacity.

Mr John Goble, another non-executive director, will also be retiring.

The board changes would appear to reduce the power of non-executive directors. They also follow the abrupt departure earlier this year of two prominent executives, Mr David Day and Mr Sydney O'Hara, respectively heads of BT's business communications and special businesses divisions.

Mr Vallance nsed the prospective appointments of a group managing director to justify his 43 per cent increase in salary to shareholders at the company's annual meeting in Nottingham yesterday.

"If you want first rate managers you hava to pay for them," he said. "And the chairman's remuneration effectively sets the ceiling on what the company can hny and retain."

Mr Vallance was criticised by several shareholders over his large salary rise but received sympathy when he declared that "what I do with my money is for me and me alone".

Allied-Lyons' drinks refocusing puts sale tag on Babycham

By David Owen

BABYCHAM is set to gambol away from the Allied-Lyons fold in coming months, along with a number of other drinks brands including Copperhead cider and QC British sherry.

The food and drinks group announced yesterday that its UK cider, perry and Britisb wine interests were to be sold. The move, which is expected to raise between £100m and £150m, is a consequence of the group's decision to focus its wine and spirits division on premium wines and distilled spirits.

The news was favourably received in the City, where it was seen as evidence that the group's new management will not let sentimentality stand in the way of a thorough review of its business portfolio.

"It is an indication that nothing is sacrosanct," said Mr Geoff Collyer, drinks analyst at County NatWest. Two months ago, the company announced that its Lyons Maid ice cream business and Sapori Italian bakery operations wonld be sold.

Potential buyers for the drinks brands, whose annual turnover is in excess of £155m, are thought to include Matthew Clark, the wine and spirit group, and HP Bulmer, the biggest player in the UK cider market. Discussions are already under way with interested parties.

Investor confidence in Allied was severely shaken earlier this year by the disclosure of a £147m foreign exchange dealing loss.

The loss precipitated the announcement of wide-ranging managemant changes – including the early departure of Sir Derrick Holden-Brown, chairman – and has resulted in the group being seen as a potential takeover target.

The shares rose 2½p yesterday to 562p. Baring Brothers has been retainad to assist with the disposals.

Creditors approve plans to rescue Chancery

By David Barchard

CREDITORS HAVE approved proposals to salvage Chancery Group, the small banking and financial services gronp, through a Voluntary Arrangement under the 1986 Insolvency Act.

Plans for the rescue of the group were announced at the first formal creditors' meeting of Chancery which has debts to other financial institutions and banks of £130m and a loan book of about £140m before provisions.

The group was placed in administration on February 18 after it ran into liquidity problems.

Mr Colin Bird and Mr Mark Homan of Price Waterhouse, the administrators, announced yesterday that they expect to apply in October to the Court for a lifting of the administration order on Chancery, if their proposals are adopted by a formal meeting of shareholders and creditors in that month.

Under the rescue plan, new capital will be injected into Chancery and a portion of its debts will be converted into capital. Other debts will be rescheduled over a five year period while new management will be brought into the group.

"These proposals are designed to give Chancery a future, the creditors repayment of a substantial proportion of their claims over a period, with an interest in the meantime, and a sharing of the ownership of the ongoing group between existing shareholders and the major creditors." Mr Bird said yesterday.

A committee of representatives of the main creditors and the Deposit Protection Board has been appointed by the creditors' meeting to work with the administrators.

The Deposit Protection Board is to write to sterling depositors in Chancery Bank inviting them to make claims under the deposit protection legislation.

Peel incurs £8.5m loss and cuts dividend by 7p

By Ian Hamilton Fazey, Northern Correspondent

PEEL HOLDINGS, the Rochdale-based property group, yesterday reported a swing from profits of £3.32m to losses of £8.48m pre-tax for the year to March 31.

The final dividend is being cut to 2p (7p) making a 3p (10p) total.

The loss included exceptional provisions of £6.21m relating to trading properties and abortive development expenditure.

Additionally, there were extraordinary losses of £24.4m (gains £6.28m) of which £17.5m related to losses on the sale of investment properties. After tax and preference dividends, the overall loss for the year attributable to ordinary shareholders was £28.9m (profit £10.1m).

Mr John Whittaker, chairman, blamed high interest rates and falling demand which proved particularly painful for Peel with its high gearing following its £304m acquisition of London Shop in 1989.

The interest charge for the year fell by £1m to £49.1m. Before the charge Peel – 50.3 per cent of which is owned by Mr Whittaker or family interests – made profits of £46.8m (£58.4m).

A revalnation resulted in Peel's property portfolio falling 15 per cent to £79.8m and was the main cause in a reduction in shareholders' funds from £367.5m to £251.9m.

However, Peel has managed to survive by maintaining cash flow out of property sales, even though this meant quickening its disposal programme by selling at an average of 14.1 per cent below book value. The tactic brought in £108.2m during the year and helped reduce group borrowings from £390.1m to £334.2m.

Despite the disposals, Peel also managed to weather the general fall in rental values through rent reviews and lease renewals.

Goode Durrant dives to £7.4m as recession takes its toll

By Jane Fuller

GOODE DURRANT, which has pared down most of its activities to vehicle hire, motor distribution and building – all recession affected, saw pre-tax profit fall by 45 per cent in the year to April 30.

Winnedael, registered in the British Virgin Islands, has just over 24 per cent of the equity. Mr Michael Waring, Goode Durrant's chairman, said the group had braced itself for a bid early this year, but had beard nothing for some months.

However, Mr Tim Nash, of Winnedael, said yesterday that the results confirmed his company's worst fears. "All tha indicators give shareholders cause to qnestion the future."

Goode Durrant's pre-tax decline from £13.5m to £7.37m came on reduced turnover of £241.2m (£257.84m). It followed a near doubling of interest costs to £6.25m (£3.35m).

Mr Waring said tbat although year-end net debt was only £3m higher at £38.8m, gearing of 62 per cent, there had been an upsurge last summer. Since then, the group had cut the hire fleet from 6,600 to 5,850 and rednced financing costs by extending vehicle life.

The biggest pre-tax profit fall cama in vehicle and equipment hire which slid to £1.67m (£5.18m). There was less profit from buying and selling vehicles, and interest costs and bad debts increased – the latter tenfold. After cutting the fleet, utilisation rates stood at 90 per cent.

Motor distribntion by the Laidlaw subsidiary maintained pre-tax profit at £1.96m, helped by servicing and repairs.

Rawlings, the house building and construction business, was bit by the southern slump and a small decline in the north.

Other activities, a mixture of interest received, commodity trading and head office costs, fell by nearly two thirds to £932,000 (£2.52m).

The Sonth African trading finance associate contributed £1.15m (£1.1m). Discontinned activities, namely banking and some trading, accounted for £599,000 (£1.11m).

An extraordinary charge of £1m (£132,000) was made for sold and closed operations.

Shareholders' funds of £59.54m (£61.19m) were also affected by goodwill write-offs. The net asset value per share was 112p (115p), compared with yesterday's close of 76p.

Earnings per share fell to 9.3p (16.8p). A maintained final dividend of 3.25p makes an unchanged total of 2.15p.

Pre-tax profit is forecast to improve to £8m, giving a prospective multiple of 7.6 and yield of 9.5 per cent.

Stanley Leisure falls 15% as interest charges bite

By David Churchill, Leisure Industries Correspondent

HIGHER INTEREST charges and a static market for its provincial casinos led to a 15 per cent decline in taxable profits at Stanley Leisure, the betting shop, casino, and snooker clnb gronp, in the year to April 28.

Interest charges of £3.48m (£1.93m) reflected acquisitions – including eight provincial casinos – made in the final quarter of the previous financial year.

The profits fall – from £8.4m to £7.13m – would have been even worse had it not been for an improved performance from Stanley's betting shops which lifted profits by 18 per cent to £6.12m on turnover of £158.4m (£131.2m).

Turnover in the casinos division rose 30 per cent to £27.1m, but profits slipped to £5.27m (£5.34m).

The acquired casinos traded at higher levels than prior to their purchase, although not as high as had been expected.

"The casinos division has been affected by the recession, with differing regional effects being noticeable, both in terms of attendence and spend," directors said.

Investment in the casinos operation totalled £5.8m during the year, of which £4m related to the acquisition of casinos in Southampton and Bournemouth.

A proposed final dividend of 3.05p makes a total for the year of 4.85p (4.5p).

Hampson Inds down by 36%

By David Owen

Hampson Industries, the West Midlands-based industrial group, reported a 36 per cent reduction to £5.04m in annual profits, following "substantial" losses at its printing machinery businesses.

The outcoma, down from £7.91m last time, came on turnover ahead some 13 per cent to £78.5m (£69.7m).

The group said that the printing industry "went from bad to worse" during the course of the year and "virtually fell off the edge of a cliff shortly after the year-end.

There is a final dividend of 1.773p effectively unchanged after allowing for a 1-for-10 scrip issue. The total is 2.373p (2.318p).

Fully diluted earnings per share fell from 7.17p to 4.55p.

NEWS DIGEST

Jones Stroud falls to £4.49m

PROFITS of Jones Stroud (Holdings) declined from £6.22m to £4.49m pre-tax for the year to March 31.

That was some £1m lower than directors were looking for in December, at the time of the interim results. The shares, bowever, rose by 3p yesterday to 153p.

A same-again final dividend of 5p makes a maintained 8p total.

Turnover was virtually static at £60.4m (£60.3m) – the group makes accessories and materials for the textile and electrical industries.

Tax of £1.37m (£2.08m) left attributable profits at £3m (£4.03m), equal to earnings of 16.42p (21.82p) per share.

Directors warned that profits for the first six months of the current year would be "somewhat lower" than those for the equivalent period of the past year.

They anticipated, however, that the interim dividend would be maintained at 3p.

Leopold Joseph declines to £1.1m

Leopold Joseph, the merchant banking group, announced profits after tax and inner reserves transfer down from £1.7m to £1.1m in the year to end-March.

Mr Robin Herbert, chairman, said the outcome reflected in part the current economic climate. However, given the difficulties facing parts of the banking industry the quality of tha bank's loan portfolio remained excellent.

It had not been felt necessary to make any significant provisions, he added.

Disclosed earnings per share declined to 30.9p (32.3p). The directors recommend an unchanged final dividend of 12.75p which maintains the total at 15.85p.

Prism Leisure leaps 88% to £761,000

Prism Leisure, the USM-quoted music and computer games group, lifted taxable profits by 88 per cent over the 12 months to March 31 1991.

The increase – from £405,000 to £761,000 – came on turnover ahead to £12.5m (£10.5m). Earnings per share leapt to 11.8p (4.8p) and the recommended final dividend is raised to 3.45p for a total of 4.95p (4.5p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Brasway ....fin	0.27☆	Oct 25	0.54	0.51	0.78
Elbief ....fin	0.319	Oct 19	0.465	0.5	0.646
Goode Durrant ....fin	3.25	Sept 17	3.25	5.4	5.4
GUS ....fin	25.5	Dec 19	23.5	37.5	34.5
Hampson Inds ....fin	1.773	Oct 7	1.77*	2.373	2.318*
Jones Stroud ....fin	5	Oct 12	5	8	8
Joseph (Leopold) ....fin	12.75	Sept 7	12.75	15.85	15.85
Peel ....fin	2	Oct 3	7	3	10
Prism Leisure § ....fin	3.45	Sept 10	3	4.95	4.5
River & Merc Tst ....int	1.6	Oct 7	1.a	-	9.34
Ryan Hotels ....int	0.5♣	Sept 16	0.5	-	1.75
Stanley Leisure ....fin	3.05	Sept 15	2.83*	4.85	4.5*
Witan Investment ....int	2.5	Sept 8	2.25	-	4.75

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ♣Irish currency. ☆Carries scrip option.

Essex Water reaches £16m for 15 months

Essex Water, the statutory water company which is expected to convert to a public company in August, announced taxable profits of £15.7m for the 15 months to March 31, against £5.2m in the previous 12 months.

Earnings amounted to 163p per share and directors propose a final dividend of 75.36p making 78.83p for tha 15-month period. Turnover was £68.9m (£46.6m).

Net assets dip at River & Mercantile

River and Mercantile Trust, a split-capital investment trust, reported net asset value down from 191.83p to 152.71p per capital share over the 12 months to June 30.

Net reveuue for the six months to end-June fell to £3.15m (£3.43m) for earnings of 4.08p (4.59p) per income share. The second interim dividend is maintained at 1.6p.

Handbag fashion leaves Elbief in red

Elbiaf, the West Midlands-based manufacturer of photograph and handbag frames, clocks and mirrors, incurred a taxable deficit of £29,000 in the 12 months to April 30.

The lapse into the red from last time's profit of £178,000 bore out the pessimistic tenor of the interim statement.

Overall, turnover dipped almost 8 per cent to £4.4m (£4.78m) as demand fell away in the second half.

Mr Samuel Prais, chairman, said that sales in the handbag frame business continued to diminish with a 16 per cent fall over the year. There was still no sign of a change in fashion in the industry, he added.

Sales of clocks, mirrors and photo frames were static, suggesting increased market share in "bleak trading conditions".

Losses per share emerged at 0.19p against earnings of 0.92p. The final dividend is cut to 0.319p for a 0.5p (0.646p) total.

Brasway sharply down at £112,000

Sharply reduced pre-tax profits were announced by Brasway, the West Midlands-based engineer, for the year to April 27.

In "severe trading conditions" turnover declined to £34.1m (£47m) and the taxable result fell from £956,000 to £112,000.

Earnings per share dropped to 0.53p (2.33p) and a final dividend of 0.27p (0.54p) is proposed for a 0.51p (0.78p) total.

To stem losses the company closed three depots in its tube stockholding division, reorganised the Daybrook operation and transferred much of the manufacturing side to Market Weighton, Yorkshire.

Taylor Woodrow ends Edmond talks

Taylor Woodrow, the construction and property group, said yesterday that preliminary discussions which it had been having with Edmond Holdings, the Hull-based househuilder, had been terminated.

Edmond shares rose 8¼p to 43p after an earlier announcement that it had received an approach "which may or may not lead to an offer for the share capital of the company."

Ryan Hotels slides I£509,000 into red

Ryan Hotels, the Dublin-based hotels and tour operator, slid from pre-tax profits of I£362,000 into losses of I£509,000 (£461,000) in the six months to April 25.

The result was struck on turnover down from I£8.25m to I£7.02m and representad a marked downturn from the profits of I£2.82m reported at the October year-end.

Mr Conor McCarthy, chairman, said the Gulf war had seriously disrupted international travel. The US tourist market had not recovered but hookings from the Irish, UK and continental markets were ahead of last year.

Losses per share came through at 1.15p (0.45p earnings) but the interim dividend is maintained at 0.5p.

Hayter Brockbank to increase capacity

Hayter Brockbank, the Lloyd's agency group, yesterday announced that it will increase its underwriting capacity by 47 per cent next year.

The agency's four underwriting syndicates will be able to accapt premium income of £210m in 1992, compared with £145m in 1991.

The development means that the group, which has been at the forefront of moves among Lloyd's agencies to cut costs by rationalising syndicate numbers, should increase its share of the Lloyd's insurance market.

Overall capacity at Lloyd's is expected to fall from its present level of £11.4bn to about £10bn next year.

Each of the four syndicates made profits in 1988.

Like two other agency groups at Lloyd's, Hayter Brockbank trades on a matched bargain basis under the Stock Exchange's 535 rules.

Trust of Property net assets improve

Net asset valne of Trust of Property Shares rose from an adjusted 69.04p to 77.31p per share over the year to June 30.

Available revenue for the six months to end-June totalled £31,880, marginally down on the £33,326 returned a year earlier. Earnings per share slipped from 0.505p to 0.483p.

Net assets advance 16% at EFM Java

The net asset value of EFM Java Trust, the UK investment trust which specialises in investment in Indonesia, increased by 15.8 per cent at the interim stage.

The rise from 37.15p per share at end-December 1990 to 42.88p at June 30 1991, compared with a sterling adjusted fall of 2.7 per cent in the Indonesian Index.

The trust's substantial opening cash balance was invested during the period with the result that earnings per share were left at 0.261p (1.2034p), reflecting the reduction in interest income.

Directors said that in line with the objective of long-term capital growth there would be no interim dividend this time.

Marginal decline in net assets at Witan

The net asset value of Witan Investment amounted to 178.5p per share at June 30, a marginal decline of 4 per cent on the figure a year earlier.

Nav of the warrants fell from 109.5p to 102p over the same period.

Net revenna in the six months to end-June totalled £8.25m (£6.9m) for earnings of 2.4p (2.01p) per share. The interim dividend is raised from 2.25p to 2.5p and directors said that the final distribution will be at least maintained.

EIT deficit cut to £0.25m

EIT Group, a USM-quoted company formerly known as Maxiprint, ran up a pre-tax loss of £246,000 for the 10 months ended March 31. That compared with a forecast of £248,000 made last May and with losses of £882,000 for the year to end-May 1990.

Most of the loss related to photographic equipment activities, now discontinued. Two computer software companies have been acquired and EIT is now aiming to build itself into an international company engaged in information technology.

Turnover amounted to £485,000 (£368,000) and losses per share totalled 0.08p (5.56p).

هكذا من الأصل

Profit margins improve

- Freegold increases available profit.
- Western Deep Levels substantially improves area mined.
- Vaal Reefs achieves higher mill throughput.
- Elandsrand reduces unit costs.

Abridged quarterly and interim reports – Dividend declarations

Abridged reports for the quarter ended June 30 1991

Freegold

Issued Capital in shares of 50 cents each: 116 179 121 ordinary and 1 559 093 (previously 1 535 424) S ordinary shares

The following are the results of the company and its wholly-owned operating subsidiary, Free State Consolidated Gold Mines (Operations) Limited.

	Quarter ended June 1991	Quarter ended March 1991	Year ended March 1991 (Audited)
Gold			
Area mined – m²000	972	965	4 032
Tons milled 000	6 677	6 548	26 068
Yield – g/t	4.16	4.30	4.33
Production – kg	27 789	28 184	112 810
Cost – R/ton milled	119.79	124.97	124.82
– R/kg produced	28 782	29 035	28 844
Price received on gold sales – R/kg	32 967	33 008	32 325
Metallurgical Scheme			
Slimes treated – tons 000	2 992	2 542	12 868
Gold produced – kg	345	538	2 553
Acid produced – tons	54 209	74 067	374 266
	R million	R million	R million
Turnover	939.3	953.9	3 763.3
Profit before taxation	132.2	145.4	473.7
Provision for taxation	17.0	10.8	40.8
Profit after taxation	115.2	134.6	432.9
Appropriation for capital expenditure after loan finance	59.4	80.6	265.5
Profit available	55.8	54.0	167.4
Dividends – including a final dividend of 85 cents per share			164.8
Increase in retained profit			2.6
Earnings per share – cents	47	46	142
Capital expenditure – R million	52.7	76.2	269.4

Note:
Orders placed and outstanding on capital contracts as at June 30 1991 totalled R29 million.

Ergo

Issued Capital in shares of 50 cents each: 42 078 712 ordinary and 8 001 803 (previously 5 523 469) S ordinary shares

	Quarter ended June 1991	Quarter ended March 1991	Year ended March 1991 (Audited)
Material treated – tons 000	9 862	9 674	38 569
Gold production – kg	2 701	2 673	11 395
Uranium production – kg	–	1 429	72 141
Acid production – tons	41 108	43 277	426 015
Price received on gold sales – R/kg	32 706	33 728	32 123
	R000	R000	R000
Turnover	96 654	97 157	411 403
Profit before taxation	13 258	14 306	61 056
Ergo division	5 521	8 446	33 972
Daggafontein division	8 121	7 135	26 968
Simmergo division	(384)	(1 275)	116
Provision for taxation	979	864	5 180
Profit after taxation	12 279	13 442	55 876
Appropriation for capital expenditure	5 877	5 327	21 319
Profit available	6 402	8 115	34 557
Dividend – including a final dividend of 35 cents per share			33 321
Increase in retained profit			1 236
Earnings per share – cents	13	17	73
Capital expenditure – R000	5 705	4 296	19 465

Notes:

1. As announced in the press on June 21 1991 an arrangement has been concluded with East Daggafontein Mines Limited, Lydenburg Exploration Limited, Potchefstroom Gold Areas Limited and Transvaal Sand Supply (Proprietary) Limited in terms of which they will make slimes in dams 4/L/41 to 4/L/46 available for treatment by this company's Ergo Division. These dams contain an estimated 26.5 million tons of material with a weighted average gold grade in the order of 0.53 grams per ton. The purchase price of the material will be equal to 50 per cent of the processing profit (i.e. revenue less cost of treatment) derived therefrom.

   It is anticipated that treatment of the material at a rate of some 600 000 tons per month will commence in mid 1992. This material will displace lower grade material which would otherwise have been treated. The extent of the benefit is largely a function of the future gold price.
2. During the quarter the company's issued capital was increased by the issue of:
   - 2 478 203 S ordinary shares in respect of the previously announced acquisition of slimes from the Simmer and Jack Mines Limited Group, the acquisition of that company's interest in the Simmergo plant and the right to treat material in the plant; and
   - 131 S ordinary shares to Anglo American Corporation of South Africa Limited (AAC) to finance the acquisition of AAC shares for distribution to employees who participate in the Anglo American Group Employee Shareholder Scheme.
3. Orders placed and outstanding on capital contracts as at June 30 1991 totalled R9 743 000.

Vaal Reefs

Issued Capital in shares of 50 cents each: 19 000 000 ordinary and 113 623 (previously 108 862) S ordinary shares

	Quarter ended June 1991	Quarter ended March 1991	Six months ended June 1991
Gold			
Area mined – m²000	456	477	933
Tons milled 000	2 861	2 813	5 674
Yield – g/t	6.40	6.66	6.53
Production – kg	18 324	18 730	37 054
Cost – R/ton milled	159.83	165.02	162.40
– R/kg produced	24 954	24 783	24 868
Price received on gold sales – R/kg	32 820	31 686	32 200
Uranium oxide			
Tons treated 000	1 263	1 215	2 478
Yield – kg/t	0.21	0.21	0.21
Production – kg	266 600	251 800	518 400
	R million	R million	R million
Turnover	641.7	616.3	1 258.0
Profit before taxation	144.0	121.3	265.3
Provision for taxation	15.9	6.2	22.1
Profit after taxation	128.1	115.1	243.2
Appropriation for capital expenditure	86.6	73.5	160.1
Profit available	41.5	41.6	83.1
Dividends – interim of 435 cents per share			83.1
Earnings per share – cents	217	218	435
Capital expenditure – R million	79.2	72.2	151.4

Notes:

1. The current quarter's results include a half-yearly dividend from Southvaal Holdings Limited and are therefore not directly comparable with the previous quarter.
2. Orders placed and outstanding on capital contracts as at June 30 1991 totalled R43.2 million.

Elandsrand

Issued Capital in shares of 20 cents each: 96 619 825 ordinary and 355 643 (previously 353 853) S ordinary shares

	Quarter ended June 1991	Quarter ended March 1991	Six months ended June 1991
Area mined – m²000	105	103	208
Tons milled 000	587	553	1 140
Yield – g/t	6.42	6.58	6.50
Production – kg	3 769	3 637	7 406
Cost – R/ton milled	143.10	149.92	146.41
– R/kg produced	22 286	22 796	22 536
Price received on gold sales – R/kg	32 902	31 529	32 219
	R000	R000	R000
Turnover	125 827	114 631	240 458
Profit before taxation	41 229	31 070	72 299
Provision for taxation	299	196	495
Profit after taxation	40 930	30 874	71 804
Appropriation for capital expenditure	35 220	21 400	56 620
Profit available	5 710	9 474	15 184
Dividends – interim of 15 cents per share			14 546
Increase in retained profit			638
Earnings per share – cents			
– before appropriation for capital expenditure	42	32	74
– after appropriation for capital expenditure	6	10	16
Capital expenditure – R000	33 693	24 295	57 988

Note:
Orders placed and outstanding on capital contracts as at June 30 1991 totalled R13 354 000.

S.A. Land

Issued Capital in shares of 35 cents each: 9 182 700 ordinary and 131 432 S ordinary shares

	Quarter ended June 1991	Quarter ended March 1991	Six months ended June 1991
Tons milled 000	568	574	1 142
Yield – g/t	0.67	0.66	0.67
Production – kg	382	382	764

S.A. Land – *continued*

	Quarter ended June 1991	Quarter ended March 1991	Six months ended June 1991
Production, transport and screening costs			
– R/ton milled	21.15	19.71	20.43
– R/kg produced	31 450	29 615	30 533
Price received on gold sales – R/kg	33 433	31 496	32 468
	R000	R000	R000
Turnover	12 987	12 037	25 024
Profit before taxation	584	550	1 134
Provision for taxation	86	118	204
Profit after taxation	498	432	930
Appropriation for capital expenditure	9	(27)	(18)
Profit available	489	459	948
Dividends – interim of 10 cents per share			931
Increase in retained profit			17
Earnings per share – cents	5	5	10
Capital expenditure – R000	12	25	37

Notes:

1. The state subsidy, as mentioned in the previous quarterly report, to meet the cost of pumping water which flows into the company's underground workings was not extended beyond June 30 1991. The pumping of water and mining of the shaft pillar has, accordingly, ceased. The underground equipment will be recovered prior to the workings being flooded.
2. There were no orders placed or outstanding on capital contracts as at June 30 1991.

Western Deep Levels

Issued Capital in shares of R2 each: 27 194 115 ordinary and 517 963 (previously 515 151) S ordinary shares

	Quarter ended June 1991	Quarter ended March 1991	Six months ended June 1991
Area mined – m²000	242	220	462
Tons milled 000	1 700	1 594	3 294
Yield – g/t	6.14	6.41	6.27
Production – kg	10 430	10 215	20 645
Cost – R/ton milled	138.16	147.48	142.67
– R/kg produced	22 519	23 013	22 763
Price received on gold sales – R/kg	33 007	31 947	32 535
	R million	R million	R million
Turnover	351.0	325.1	676.1
Profit before taxation	120.7	93.6	214.3
Provision for taxation	24.2	10.5	34.7
Profit after taxation	96.5	83.1	179.6
Appropriation for capital expenditure	66.4	63.0	129.4
Profit available	30.1	20.1	50.2
Dividends – interim of 180 cents per share			49.9
Increase in retained profit			0.3
Earnings per share – cents	108	73	181
Capital expenditure – R million	60.7	63.0	123.7

Note:
Orders placed and outstanding on capital contracts as at June 30 1991 totalled R20.4 million.

Abridged interim report for the six months ended 30 June 1991

Southvaal

Issued Capital: 26 000 000 ordinary shares of 50 cents each

	Six months ended June 30 1991	Six months ended June 30 1990	Year ended Dec. 31 1990 (Audited)
	R000	R000	R000
Royalty from Vaal Reefs Exploration and Mining Company Limited and sundry income	46 606	95 433	172 448
Profit before taxation	45 546	93 524	167 734
Taxation	21 327	46 366	83 085
Profit after taxation	24 219	47 158	84 649
Dividends – interim of 90 (1990: 180) cents per share	23 400	46 800	46 800

Southvaal – *continued*

	Six months ended June 30 1991	Six months ended June 30 1990	Year ended Dec. 31 1991 (Audited)
	R000	R000	R000
– final of 145 cents per share (paid on March 15 1991)	–	–	37 700
	23 400	46 800	84 500
Increase in retained profit	819	358	149
Earnings per share – cents	93	181	326

Note:
Factors contributing to the reduced royalty compared to the corresponding period last year, include lower grades and a higher level of capital expenditure.

Dividend declarations

Interim dividends

On Thursday, July 18 1991, interim dividends for the year ending December 31 1991 were declared payable to holders of the following companies' ordinary and S ordinary shares:

Company	*Dividend number*	*Cents per share*
Elandsrand	18	15
Southvaal	29	90
S.A. Land	100	10
Vaal Reefs	70	435
Western Deep Levels	59	180

	1991
Last day to register for dividends (and for changes of address or dividend instructions)	Friday, August 9
Registers closed from	Saturday, August 10
to (inclusive)	Saturday, August 24
Ex-dividend on Johannesburg and London stock exchanges	Monday, August 12
Currency conversion date for sterling payments to shareholders paid from London	Monday, August 12
Dividend warrants posted	Thursday, September 12
Payment date of dividends on or about	Friday, September 13
Rate of non-resident shareholders' tax	15 per cent

The full conditions relating to the dividends may be inspected at the Head and London offices of the companies and the transfer secretaries.

By order of the boards
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: C.R. Bull
Senior Divisional Secretary

July 18 1991

Notes

1. Unless otherwise stated all results are unaudited.
2. The increase in share capitals during the quarter, unless otherwise stated, resulted from the issue of shares to Anglo American Corporation of South Africa Limited (AAC) to finance the acquisition of AAC shares for distribution to employees who participate in The Anglo American Group Employee Shareholder Scheme.
3. All companies are incorporated in the Republic of South Africa.
4. The unabridged reports will be posted to members, debenture holders, and to persons on the mailing lists and copies of the unabridged reports are available from the Transfer Secretaries and the Head and London Offices.

TRANSFER SECRETARIES
Consolidated Share Registrars Limited
1st Floor, Edura
40 Commissioner Street
Johannesburg 2001
(PO Box 61051, Marshalltown 2107)

Barclays Registrars Limited
Bourne House
34 Beckenham Road
Beckenham
Kent VR3 4TU

HEAD OFFICE
44 Main Street
Johannesburg 2001
(PO Box 61587, Marshalltown 2107)

LONDON OFFICE
40 Holborn Viaduct
London EC1P 1AJ

Johannesburg
July 18 1991

The unabridged reports will be posted to members, debenture and option holders, and to persons on the mailing lists. Copies of the unabridged reports are available from the Transfer Secretaries and the Head and London offices.

COMMODITIES AND AGRICULTURE

Chinese grain crops devastated

CHINA'S AUTUMN grain crop was threatened by disastrous floods, but the country did not face famine, a senior official said yesterday, reports Reuters from Beijing.

"From north to south [the floods] have affected half of China. This is no small disaster," said Mr Li Zengyi, deputy director of the international department et the government's disaster relief office.

"Even if there is no more rain, it will still take two weeks for the water to recede. That is too late for the autumn harvest," be added.

Planting of the important entumn grain crop usually begins in late May and early June, coinciding this year with the rains. Crops destroyed are the smaller summer harvest.

The floods have hit 18 provinces, many of them important grain producers. Crop losses were bound to mount as the flood season continued, Mr Li said, but added that there was no risk of famine. "In our country, the spirit of coming to the aid of comrades in trouble is very strong," he said. Foreign aid would also help.

Officials estimate that 8.7m tonnes of grain have been lost in Anhui province and 4m in Jiangsu. They have also lost about 1m tonnes of rapeseed and other oil-producing crops, Mr Li said. Hubei has lost about 7m tonnes of grain, he added.

China produced e record 450m tonnes of grain in 1990.

Gold hedging controversy flares up again

By Philip Gawith in Johannesburg

THE CONTINUING dispute in the gold industry about the impact of hedging activities on the bullion price has flared up again with two South African mining houees expressing sharply different views on the subject.

Mr Gary Maude, managing director of Gengold, the gold arm of the Gencor group, said on Wednesdey he was concerned thet producers were actnally doing themselves harm by selling forward large amounts of gold. He said their research indicated that for every five tonnes of extra gold placed on the market by forward sales the price of gold dropped hy about $1 a troy ounce. There were about 800 tonnes of gold in the world sold forward presently, suggesting that without these sales the gold price would be close to $500, he said.

Taking issue with Mr Maude is Mr Clem Sunter, chairman of the Gold and Uranium division at Anglo American, the world'c largest producer. He said yesterday that he believed the total figure for Sonth Africa's forward sales numbered in hundreds of tonnes. He compared this with gold futures contract volume on the US and Tokyo exchanges last year of 37,000 tonnes of gold.

"If Soutb Africa sells a few bundred tonnes forward we certainly don't think it's going to make a great dent in the market," said Mr Sunter.

Mr Mende said Gengold accepted the case for selling forward on e small scale to help marginal mines. He was certain the gold price would have increased by 1995, but said the short-term performance depended upon the extent of forward sales.

Analysts estimate that 20 to 30 per cent of the country's annual production of about 600 tonnes is sold forward. Neither Gengold nor Anglo American disclose the extent of their forward sales.

One group that does is Anglovaal. Their announcement earlier this week that they had sold forward production as far as September next year at prices between R36,711 a kilogram ($397 a troy ounce) and R39,046 e kilogram ($422 an ounce) has some Gengold managers wondering privately whether their principled stance doesn't amount to needless self-denial. Gengold mines received an everage price of R32,000 a kilogram in the June quarter while the bulk of Anglovaal's gold received e price between R34,300 e kilogram and R35,050 a kilogram.

Ecological pressures lift metals costs

By Kenneth Gooding, Mining Correspondent

ENVIRONMENTAL pressures could by 1995 push up the cash cost of copper production by 15 per cent in real terms and of producing aluminium by 12 per cent, according to the Credit Lyonnais Laing financial services group.

These pressures are also holding back metals production and are likely to canse shortages of smelter capacity.

For old and new mining operations the environmental costs are rising dramatically, CLL'c mining team points out in its latest base metals review. "The capital cost of new integrated mining projects are being increased by up to 25 per cent in some cases as the full onns of environmental factors is taken on board."

CLL suggests that many European and North American smelting operations will have to spend heavily to comply with Environmental Protection Agency standards to come into force in 1994 and 1999.

This is especially true of the copper and aluminium industries where many smelters and pot lines are more than 15 years old. Eastern European metal production facilities are also mainly old, uneconomic and in need of major investment to bring them up to western standards as far as pollution is concerned.

CLL says it is not clear who is to pay for the tighter environmental otandards in the west. In eastern Europe "we believe that financial aid will only be forthcoming from lending agencies if the east gets its environmental ect together. This will inevitably lead to closures of many metal producing facilities in the former Comecon bloc," it edds.

"In summary, we see the 'greener' issues constraining production of major base metals throughout the world and there heing a shortage of smelting capacity over the next few years. Cash costs of production will rise and a proportion of these will have to be passed on to consumers."

Chile no longer has plenty more fish in the sea

Leslie Crawford reports on a dangerous fall in pilchard stocks

THE FISHING industry in northern Chile is on the brink ef collapse. After 15 years of unfettered expansion pilchard stocks, which once fed the biggest fishmeal industry in the world, are dangerously depleted.

In Iquique, a port perched on the edge of ths towering mountains of the Atacama desert, the stench of fishmeal plants has disappeared. The plants are silent, facing an idle fishing fleet moored in the bay. Even the vultures and pelicans circling overhead look hungry.

The pilchard catch has declined dramatically since a peak of 2.6m tonnes landed in 1985. Seiners, fishing vessels which carry long vertical nets, hronght back only 698,000 tonnes last year. The outlook for this year is even more bleak, with landings down by 25 per cent in the first five months.

"This is a cyclical industry and we have learned how to weather bad years," says Mr Simen Carevic, ths plant manager at Pesquera Iquique, a leading fishmeal producer in Chils, whicb also operates a freezing plant and the biggest fish cannery in Latin America.

Mr Carevic is adamant that the current crisis has not been cansed hy ovarfishing. Pilchards, he explains, are migratory species, and the warming of Pacific currents off the Chilean coast has pushed the shoals further north to Peru.

"The Peruvians are landing record catches and coming down to Chile to buy fishmeal plants," Mr Carevic says.

But at Sernap, the national fishing inspectorate, Mr Eduardo Gil says fishing companies are not prepared to acknowledge their share of the blame. "They tell us that the fish have gone south, gone north, gone further out, but the truth is that all the pilchards have been turned into fishmeal.

"They are not fooling us, only themselves," Mr Gil says. "This is a typical case of overexploitation. It happened to the herring stocks in the North Sea, in Japan and off California. We cannot be the exception."

The average age of the fish caught bas been dropping steadily since the mid-1980s. Last year fishermen were bringing in pilchards that were just six years old, the age the fish mature sexually, indicating that stocks were on the border of extinction.

Sernap fears that the fishing industry in northern Chile, which generates 40 per cent of the region's gross domestic product and employs 18,000 people, is about to collapse as it did 25 years ago, when anchovies were wiped out.

Mr Gil says it may take 20 to 30 years for pilchard stocks to recover. And because there is nothing to take their place, many fishmeal plante face closure. The industry, which earned $400m in exports last year, risks losing its place at the top of the world league.

Chile's Angelini group, which owns Pesqnera Iquique as well as 11 other fishmeal plants in the region, will be the biggest loser if the industry collapses. Angelini's fishing companies, some of which are joint ventures with Carter Holt Harvey of New Zealand, lost $40m last year.

Because the group's fishing fleet lands 80 per cent of the catch in the region, Mr Anacleto Angelini has been one of the strongest opponents of a new fishing law which will impose much tougher controls on the industry.

The law has entangled Congress for the past 18 months, but it is expected to be passed at the end of August. Mr Angelini argues that the law's stricter fishing bans and rationing of licences will deal a mortal blow to the industry in northern Chile. It will also block Mr Angelini from sending his fishing fleet sonth, where newer fishmeal plants are exploiting rich stocks of jack mackerel.

The scarcity of pilchards is also pitting fishmeal plants against canneries. Rival fishing fleets now employ a whole battery of detective equipment, including catellite photos, ultrasonar equipment and support aircraft, to lead them to the isolated scbools of pilchards. Once detected, the race is on to fish as quickly as possible and keep the competition out of the area.

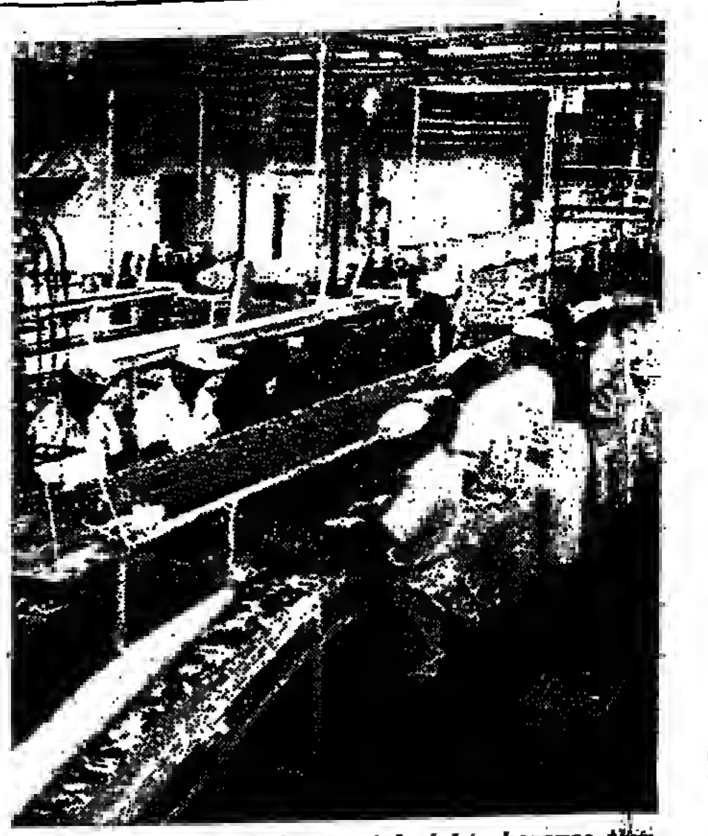
"Its a real war ont there," says Mr Esteban Urcelay, manager of Pesquera del Norte, a South African-owned cannery. "We need the protection of a fishing law, not the law of the jungle."

Mr Urcelay argues that canneries sbould be granted special rigbts becanoe they employ more people and export a product with a greater value-added.

"With 50,000 tonnes of pilchards, my cannery can work the whole year round employing 500 people. But 50,000 tonnes is peanuts to the fishmeal factories," he says.

Mr Urcelay's seiners cannot compete with the larger fishmeal vessels in speed and efficiency. In a good year, Pesquera del Norte exports abont 30m tins of pilchards. This year it has barely managed one-tenth of that figure and it is losing hard-won customers in Europe to competitors.

Mr Urcelay believes that the only way to save jobs in the region is for the government to grant individual fishing quotas to protect the canneries from the more predatory fishmeal fleet. "Otherwise," he predicts, "we face the same fate as the fishmeal industry: extinction."



Canners are arguing for special rights because they employ more people and export a more valuable product

EC wins battle in hormone war

THE EUROPEAN Community won a battle in the dispnte over its ban on imports of hormone-treated meat at a recent meeting of an international food safety and trade organisation, US officials said, reports Reuters from Washington.

At a briefing on the recent session of the Codex Alimentarius Commission in Rome, US food safety and trade officials said the organisation rejected one of its committee's findings that meat from animals treated with growth-promoting bormones posed no threat to buman health.

Sncb findings would have undermined the EC's position that it is rejecting US hormone-treated meat for health reasons.

Instead, the majority held to the EC view that consumer preference should play a part in setting hormone residue standards.

The action delayed a final Codex ruling on meat bormones until 1993.

Mr Lester Crawford, administrator of the Agriculture Department's Food Safety Inspection Service, said the vote was not based on scientific evidence.

Vanadium plan questioned

By Philip Gawith

HIGHVELD STEEL and Vanadium, the world's largest vanadium prodncer, has cast doubt on the prospects for the recently announced Windimurra project in Western Australia.

Mr Lesley Boyd, chairman of Highveld, said the mine would probably go the same way as the Windowie mine, whicb opened in Western Australia about a decade ago, but closed within two years. He said there was already considerable overcapacity in the industry. Highveld estimate that if all existing capacity in the world was brought into production, there would be about 150m lb a year available, compared with demand of 85m to 90m lb a year.

Mr Boyd said that the only primary producers of Vanadium from ore, as proposed at Windimurra, were South Africa, China and the Soviet Union. He doubted wbether either of the latter two had any idea of their costs. He noted that the last three such vanadium mines or plants that had opened np were Vansa and Usko in South Africa and Carbovan in Canada. Only Usko remains open, and it is in serious financial trouble. The alternative method of producing vanadium is as e by-product, which is less risky.

Mr Boyd also took issue with some of the figureo and assumptions put forward by Mr Roderick Smith of Precious Metals Australia, which owns the Windimurra project. Mr Smith suggested that Windimurra's cash costs would be about US$1.70 a lb, compared with $2.90/lb for Highveld. Mr Boyd says it is not clear whether the $1.70 figure includes finance charges, and says the $2.90 figure is anyway Highveld's selling price. He says their coots are "significantly lower" and says there is no question that Highveld is the world's lowest cost producer.

Mr Boyd dismisses the suggestion that the Windimurra project will be lower cost than South African production because softer ore will make for lower grinding and cutting costs. He says these costs are an "absolutely minimal" part of overall coets. He adds that experience suggests the project will cost considerably more than the A$40-50m put forward by PMA.

Study may herald about-turn in UK forestry policy

By Bridget Bloom, Agriculture Correspondent

A NEW study which could herald an about-turn in Britain's Forestry policy is pnblished today by the Forestry Commission.

The study, commissioned from a team of independent experts, suggests that growing timber for industrial uses should not necessarily be the top priority. It recommends the establishment of a wide variety of mixed-wood forests for recreation, environmental regeneration and wildlife babitats.

In general terms, the study – the most comprehensive for 20 years – does little more than recognise changing public perceptions of environmental importance of forestry. However, it marks a distinct break with past policies, which have beavily emphasised the encouragement of commercial conifer forests in environmentally-sensitive upland areas.

Yesterday Forestry Commission officials were at pains to point out that changes in policy would come only from the government. But Mr David Grundy, Forestry Commissioner responsible for policy, said that he hoped the study would generate wide debate.

At the centre of the study is the assertion that, contrary to conventional wisdom, there is unlikely to be a world shortage of industrial timber for use by developed countries in the forseeable future. Hitherto planting in Britain, which imports 90 per cent of its timber needs, has been driven by fears of diminishing supplies.

Since 1988 when the UK government withdrew controversial tax concessions, new planting has fallen well short of the annual target of 30,000 hectares. At present it is running at a rate of some 15,000 ha a year.

The report suggests, bowever, that some 500,000 hectares of new planting will be needed over the next 25 to 30 years to sustain investment in the processing industry into the next century.

The main thrust of the study group's recommendations is that Britain ohould greatly diversify its forest planting so that it has many different types of new forest in many different locations.

These should range from small forests or woods on the urban fringes, having public recreation as the main aim, to mixed forests, valuable commercially, socially and environmentally and planted on some of the 2m to 4m ha of land that it is estimated may prove surplus to the needs of agriculture over the next decade.

Forest Expansion: A Study of Technical, Economic and Ecological factors. Forestry Commission 231 Corstorphine Road Edinburgh EH12 7AT.

WORLD COMMODITIES PRICES

MARKET REPORT

London robusta coffee futures broke through the bottom of their recent narrow range after selling by a big UK trade house. Dealers said there could also have been selling in New York linked to expectations that the meeting between the presidents of Colombia and Brazil was unlikely to lead to any significant moves towards e coffee pact with economic clauses. In New York arabica futures were also lower at midday. New York sugar prices were ahead at midday as the markets responded to rumours of the Soviet Union swapping crude oil for sugar. Traders were nervous about talk that the Soviets might be preparing to take as much as 500,000 tonnes of whites. One of the trade houses eaid to be involved said no definitive deal had yet been struck. "We could see a classic buy the rumour, sell the fact eituation in here this afternoon," one dealer said. On the LME talk of a further eubstantial rise today in warehouse stocks of aluminium – possibly by as much as 20,000 tonnes – kept prices under pressure. Nickel prices were eharply lower – dealers said the lower trend followed the failure earlier this week of three-month metal to break above resistance around $8,600 a tonne.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.60-6.70	+.125
Brent Blend (dated)	$20.20-20.35	+3.0
Brent Blend (Sep)	$20.05-20.15	+0.15
W.T.I. (1 pm est)	$22.00-22.05	+0.28
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$243-245	+2
Gas Oil	$191-192	+1
Heavy Fuel Oil	$73-75	+2
Naphtha	$187-189	+4.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$368.55	+0.80
Silver (per troy oz)♣	441.6c	-0.5
Platinum (per troy oz)	$380.75	+0.35
Palladium (per troy oz)	$95.00	-0.10
Aluminium (free market)	$1645	
Copper (US Producer)	103	+.275
Lead (US Producer)	50c	
Nickel (free market)	-	
Tin (Kuala Lumpur market)	15.44r	+0.05
Tin (New York)	263.5	+6.5
Zinc (US Prime Western)	62c	
Cattle (live weight)†	111.02p	-0.36*
Sheep (dead weight)†	119.89p	-1.62*
Pigs (live weight)†	82.82p	-1.91*
London daily sugar (raw)	$274x	-1
London daily sugar (white)	$323.5x	+6
Tate and Lyle export price	£275	-3
Barley (English feed)	109.8z	
Maize (US No. 3 yellow)	£161	
Wheat (US Dark Northern)	-	
Rubber (Aug)♥	53.25p	-0.50
Rubber (Sep)♥	53.75p	-1.5
Rubber (KL RSS No 1 Aug)	229.0m	-0.5
Coconut oil (Philippines)§	$470y	-20
Palm Oil (Malaysian)§	$345q	+10
Copra (Philippines)§	$300z	+0
Soyabeans (US)	£154	-3
Cotton "A" index	80.40c	+0.10
Wooltops (64s Super)	387p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Dec t-Jul/Sep u-Jul x-Jul/Aug y-Aug/Sep z-Aug. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Aug	237.80	230.40	237.80 231.00
Oct	212.00	201.00	214.00 200.00
Dec	202.00	193.00	200.00 190.00
Mar	197.00	190.00	197.80 190.00
May	196.00	191.60	191.20 191.20
Oct	199.00	196.60	202.00 199.00
White	**Close**	**Previous**	**High/Low**
Oct	289.5	276.8	291.0 277.0
Dec	279.0	266.7	278.5 272.9
Mar	277.5	268.8	278.0 270.5
May	279.8	271.0	280.0 274.0
Aug	276.5		276.5 276.0

Turnover: Raw 1565 (643) lots of 50 tonnes. White 2064(652)
Paris- White (FFr per tonne): Oct 1660 Dec 1629

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low
Sep	20.10	20.01	20.20 19.98
Oct	20.02	20.04	20.12 19.98
Nov	20.03	19.97	20.05 19.90
Dec	19.88	19.70	19.59 19.75
IPE Index	19.98	19.81	19.98

Turnover 23715 (25245)

GAS OIL – IPE ($/tonne)

	Close	Previous	High/Low
Aug	186.25	186.75	188.50 185.75
Sep	189.25	187.50	189.25 186.25
Oct	190.75	188.50	191.00 187.75
Nov	161.75	189.50	192.00 189.00
Dec	192.50	199.00	192.50 189.25
Jan	188.50	186.00	189.50 188.50
Apr	174.50	173.75	174.50

Turnover 121207(19126) lots of 100 tonnes

FRUIT & VEGETABLES
English strawberries this week are at 40-55p a lb (50-55p), reports the FFVIB. English rasberries are at 45-70p a ½ lb (50-78p). Peaches and nectarines at 15-35p each (15-35p). Home grown courgetts at 35-55p a lb (65-75p) with cauliflower at 40-60p each (45-55p). Spring greens at 25-45p a lb (25-45p), primo cabbage at 25-45p a lb (25-45p) and English marrow at 55-80p each (90-95p). Iceberg lettuce at 55-70p each (60-70p). Round lettuce at 25-35p each (25-35p) and Chinese leaves at 60-80p each (55-75p) are great salad choices. Cucumbers are at 45-60p each (45-60p).

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
Sep	610	607	615 602
Dec	646	645	652 642
Mar	686	682	690 679
May	706	703	709 702
Jul	726	726	726 724
Sep	747	745	750 744

Turnover: 2429 (3823) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jul 17 769.78 (760.35) 10 day average for Jul 18 763.57 (765.85)

COFFEE – London FOX (£/tonne)

	Close	Previous	High/Low
Jul	523	537	540 525
Sep	540	557	562 538
Nov	561	577	581 560
Jan	579	592	596 576
Mar	595	606	611 595

Turnover:4246 (3165) lots of 5 tonnes
ICO Indicator prices (US cents per pound) for Jul.17 : Comp. daily 64.56 (64.04). 15 day average 65.16 (65.28)

POTATOES – London FOX (£/tonne)

	Close	Previous	High/Low
Apr	106.8	109.8	107.6 105.2

Turnover 251 (66) lots of 40 tonnes.

SOYABEAL – London FOX (£/tonne)

	Close	Previous	High/Low
Aug	124.00		125.00 124.00
Oct	127.00		127.00
Dec	129.00	133.00	130.00 129.00

Turnover 107 (25) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)

	Close	Previous	High/Low
Jul	1525	1515	1525 1515
Aug	1535	1516	1535 1516
Oct	1620	1598	1620 1600
Jan	1620	1600	1620 1616
BFI	1523	1529	

Turnover 199 (264)

GRAINS – London FOX (£/tonne)

Wheat	Close	Previous	High/Low
Sep	112.25	112.05	112.25 112.20
Nov	115.60	115.30	115.70 115.50
Jan	119.20	118.90	119.30 119.15
Mar	122.30	122.20	122.35 122.30
Barley	**Close**	**Previous**	**High/Low**
Sep	110.10	109.85	110.15
Nov	113.85	113.65	113.85

Turnover: Wheat 191 (103), Barley 6 (79).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Jul	90.0	90.0	88.0
Aug	88.0	89.6	87.5
Sep	89.0	94.0	90.0
Oct	95.0	95.5	95.0
Nov	96.0	96.0	96.0 95.0

Turnover:71 (89) lots of 3,250 kg

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	139.99	139.77			
Sep	141.80	141.70	141.50	141.20	85
Oct	141.20		141.50	141.20	80
Dec	141.80	142.30	142.30	141.80	85

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 37,783 lots
Cash	1298-300	1310-2		1298-9		
3 months	1331-2	1343-4	1342/1326	1331-2	1327-8	99,656lots
Copper, Grade A (£ per tonne)						Total daily turnover 20,914 lots
Cash	1329-31	1340-2	1332	1332-2.5		
3 months	1344-5	1355-6	1352/1344	1346-7	1344-5	126,163lots
Lead (£ per tonne)						Total daily turnover 3,348 lots
Cash	326-9	326-9	327.5	326.5-7.5		
3 months	337.5-8	336-6.25	338/8.5	337-7.5	336-7	17,421lots
Nickel ($ per tonne)						Total daily turnover 1,321 lots
Cash	8490-510	8625-30		8550-70		
3 months	8460-80	8580-60	8560/8455	8525-35	8455-65	13,009lots
Tin ($ per tonne)						Total daily turnover 1,450 lots
Cash	5680-85	5860-70	5870	5870-2		
3 months	5760-65	5755-60	5770/5760	5760-3	5755-60	6,979lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 10,587 lots
Cash	1067-9	1061-3	1073	1072-3		
3 months	1077-8	1074-6	1082/1070	1061-2	1073-4	26,577lots

LME Closing £/$ rate:
SPOT: 1.6525 3 months: 1.6332 6 months: 1.6186 9 months: 1.6082

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	368.30-368.80	
Opening	369.80-370.20	
Morning fix	370.35	222.168
Afternoon fix	368.00	221.315
Day's high	371.40-371.80	
Day's low	368.60-369.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.52	6 months	5.47
2 months	5.49	12 months	5.43
3 months	5.48		

Silver fix	p/fine oz	US cts equiv
Spot	268.40	444.75
3 months	273.65	451.45
6 months	280.40	456.40
12 months	294.70	474.80

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	368.00-370.00	221.30-221.80
Maple leaf	375.00-376.00	225.00-225.50
New Sovereign	88.00-89.00	52.75-53.25

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Dec	Sep	Dec
1200	122	155	1	7
1300	40	80	16	30
1400	5	33	82	80
Copper (Grade A)	**Calls**		**Puts**	
2100	102	115	25	71
2200	46	70	68	122
2300	16	39	137	165
Coffee	**Sep**	**Nov**	**Sep**	**Nov**
500	42	57	5	7
550	11	34	22	24
600	1	15	62	55
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
575	41		6	
600	24		14	
625	13	49	26	28
Brent Crude	**Sep**	**Oct**	**Sep**	**Oct**
1900			8	
1950	15		21	40
2000	56	62		59

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jul	370.2	369.7	0	0
Aug	370.9	370.5	372.8	369.8
Sep	372.8	372.2	0	0
Oct	374.5	374.1	376.4	373.5
Dec	378.6	377.8	380.1	377.0
Feb	381.7	381.2	382.9	381.0
Apr	385.1	384.6	0	0
Jun	388.8	3388.1	0	0
Aug	392.2	391.7	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	378.0	380.3	383.0	383.6
Oct	384.0	384.8	386.5	383.0
Jan	387.7	388.8	390.5	388.5
Apr	391.5	392.5	0	0
Jul	395.6	396.3	397.0	397.0
Oct	402.6	402.8	404.0	404.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jul	437.8	441.2	446.0	435.0
Aug	438.2	441.8	0	0
Sep	441.2	444.8	450.0	437.0
Dec	449.0	452.5	457.5	446.0
Jan	450.9	454.4	0	0
Mar	457.3	460.7	465.0	454.6
May	463.0	465.4	0	0
Jul	468.8	472.2	476.0	476.0
Sep	475.0	478.4	0	0
Dec	484.6	488.0	492.6	478.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	98.70	99.15	99.70	98.70
Aug	98.75	99.20	0	0
Sep	98.75	99.20	99.70	98.70
Oct	98.45	98.90	0	0
Nov	98.16	98.60	0	0
Dec	97.85	98.20	98.60	97.85
Jan	97.50	97.90	0	0
Feb	97.15	97.50	0	0
Mar	96.75	97.10	97.40	97.20
Apr	96.30	96.75	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Aug	22.03	22.14	22.25	21.96
Sep	21.91	22.01	22.16	21.84
Nov	21.54	21.59	21.69	21.50
Dec	21.36	21.41	21.49	21.32
Jan	21.15	21.23	21.30	21.13
Apr	20.80	20.79	20.84	20.77
May	20.70	20.70	20.72	20.20

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Aug	5965	5983	5995	5925
Sep	6070	6089	6100	6030
Oct	6160	6180	6180	6120
Dec	6350	6360	6370	6310
Jan	6355	6360	6365	6316
Feb	6205	6210	6220	6165
May	5525	5555	5525	5525

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	939	936	965	936
Dec	996	980	1008	996
Mar	1046	1041	1056	1046
May	1070	1070	1086	1074
Jul	1104	1098	1110	1108
Sep	1131	1127	1140	1132
Dec	1176	1168	1176	1176
Mar	1211	1198	0	0
May	1246	1235	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Jul	82.00	82.55	82.05	82.00
Sep	83.60	84.15	84.80	82.75
Dec	87.05	87.70	88.10	86.25
Mar	90.40	90.80	91.30	89.50
May	92.60	93.65	92.75	91.95
Jul	95.05	96.15	0	0
Sep	98.00	99.15	0	0
Dec	100.25	100.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	9.46	8.91	9.54	9.19
Mar	8.86	8.69	8.89	8.74
May	8.83	8.66	8.87	8.73
Jul	8.70	8.66	8.71	8.66
Oct	8.69	8.76	8.82	8.73

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	70.55	71.30	70.85	69.80
Dec	70.11	72.80	70.20	69.35
Mar	71.40	73.33	71.40	70.75
May	72.22	69.03	72.20	71.80
Jul	72.77	67.95	73.00	72.50
Oct	69.15	0	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	120.00	118.60	119.75	117.80
Sep	118.75	118.60	118.90	118.20
Nov	118.05	118.00	118.25	118.00
Jan	117.75	117.75	118.00	117.80
Mar	118.45	118.35	118.35	117.75
Jul	118.80	118.85	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
July 18	July 17	mnth ago	yr ago
1708.8	1715.7	1772.5	1614.2

DOW JONES (Base: Dec. 31 1974 = 100)				
	July 17	July 16	mnth ago	yr ago
Spot	125.75	124.90	130.84	132.30
Futures	123.79	123.13	129.38	131.13

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jul	527/0	538/6	535/4	523/0
Aug	521/4	535/6	533/0	521/0
Sep	521/2	536/4	533/0	521/0
Nov	525/6	541/4	538/0	525/0
Jan	535/4	552/0	548/0	535/0
Mar	546/0	562/0	557/4	546/0
May	555/4	570/0	566/0	555/4
Jul	562/0	577/0	573/0	562/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	18.44	18.82	18.58	18.30
Aug	18.44	18.81	18.65	18.32
Sep	18.63	18.98	18.85	18.50
Oct	18.77	19.17	19.05	18.65
Dec	19.16	19.58	19.36	19.01
Jan	19.30	19.69	19.50	19.20
Mar	19.58	20.01	19.82	19.58
May	19.90	20.21	20.16	19.85
Jul	19.95	20.31	20.31	19.95

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jul	162.2	166.0	165.0	162.2
Aug	162.7	166.1	165.5	162.5
Sep	162.2	165.7	165.0	162.1
Oct	161.5	165.5	164.7	161.5
Dec	162.1	166.1	165.4	162.0
Jan	163.0	166.8	166.2	163.0
Mar	165.0	169.5	168.0	165.0
May	167.5	171.0	170.0	167.5
Jul	168.5	172.0	171.0	168.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Jul	236/6	244/2	245/0	236/0
Sep	232/0	238/6	236/0	230/2
Dec	233/6	240/6	238/0	232/4
Mar	241/6	248/6	245/6	240/4
May	247/0	252/6	250/0	245/0
Jul	251/2	257/0	254/4	249/4
Sep	246/0	248/0	249/0	246/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Jul	269/4	271/4	269/4	266/6
Sep	272/6	276/0	274/6	270/4
Dec	285/2	287/6	286/4	282/6
Mar	289/4	292/6	291/0	287/4
May	286/0	290/4	288/2	285/4
Jul	283/4	286/4	286/0	283/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	73.77	73.87	74.02	73.65
Oct	75.37	75.17	75.60	75.02
Dec	75.95	75.85	76.07	75.72
Feb	75.07	75.10	75.20	74.97
Apr	75.40	75.45	75.60	75.40
Jun	73.56	73.57	73.65	73.40
Aug	72.00	72.00	72.00	72.00

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jul	57.30	57.45	57.55	57.00
Aug	51.55	51.50	51.70	51.30
Oct	44.17	44.25	44.35	43.85
Dec	43.62	43.75	44.00	43.40
Feb	43.72	44.16	44.15	43.50
Apr	42.20	42.47	42.40	42.00
Jun	46.60	46.85	46.75	46.50
Jul	46.60	46.75	46.75	46.52

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	48.05	47.35	48.42	47.40
Aug	45.70	45.47	45.90	44.80
Feb	48.50	48.90	48.80	48.25
Mar	48.10	48.55	48.60	47.95
May	48.45	48.60	48.80	48.45
Jul	48.50	48.80	48.50	48.50

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LONDON STOCK EXCHANGE

Equities close below Footsie 2,550

By Terry Byland, UK Stock Market Editor

A WIDELY-expected pause for breath yesterday in a UK stock market which has risen strongly since the beginning of the month saw the FT-SE Index slide below the sensitive 2,550 mark in late trading.

Equity strategists showed little alarm at yesterday's downturn, which was extended towards the close when the remainder of Wednesday's trading programme unwound.

Equities opened lower and traded erratically in the early part of the session with losses restricted to aronnd eight points on the Footsie scale. Most of the setback came after lunch and was preceded by a sharp downturn in the futures market as traders spotted moves to offload the final elements on the sell side of the trading programme.

Account Dealing Dates		
*First Dealings:		
Jul 1	Jul 15	Jul 29
Option Declarations:		
Jul 11	Jul 25	Aug 8
Last Dealings:		
Jul 12	Jul 26	Aug 9
Account Day:		
Jul 22	Aug 5	Aug 19

*New-time dealings may take place from 8.30 am two business days earlier.

At the close the FT-SE Index was down 13.7 at 2,547.3. Seaq-reported trading volume dipped to 464.9m shares from the 575.4m of the previous session, wben volume was inflated by the trading programme.

There appeared to be little change yesterday among City analysts in underlying views on the outlook for the London equity market. Yesterday's data on the UK economy was regarded as, on balance, favourable. *Growth in UK average earnings moderated to 8.5 per cent in May, and £400m growth in M4 bank lending was significantly smaller than expected by economists at UK-based brokerage houses.*

Tbe London market, still uncertain of its ability to break out of the Footsie 2,450 – 2,550 range, was held in check again by Wall Street's similar unwillingness overnight to challenge the Dow 3,000 burdle, *its own testing level.*

The New York market made an uncertain start to the new session yesterday end, with the Dow ahead by 12 Dow points in UK bours, London went home waiting to see if the 3,000 mark would be broken.

The final picture in UK equities was somewhat irregular, *with most of the blue chips sbowing only modest falls.* Heavy turnover in the oil stocks saw BP and Shell holding stesdy. Shares in ICI remained little changed as the market assumed that tbere will be no early developments regarding the stake beld by the Hanson camp.

Store shares, keenly watched for any indications that consumer spending is recovering and that the recession in the UK may be bottoming out, appeared little changed following trading news from GUS, the mail order and financial services group.

Activity in the food sector continued to decline as hopes of a bid in this area from across the Atlantic decreased. Cadbury-Schweppes, which has been the speculators' favourite, gave ground smartly.

Market strategists remained optimistic for a recovery in world economies in the second half of the year and for further strength in the UK stock market. Smith New Court commented that value indicators for UK equities are still "relatively attractive" and that this indicates that investors would be more likely to be restrained by an uncertain investment environment than by concern *over underlying fundamentals.*

The shift in the London stock market over the past three weeks towards a more optimistic view of the economic outlook has been accompanied by some indications thet the Conservative government headed by Mr John Major has begun to recover ground in UK public opinion polls.

FINANCIAL TIMES STOCK INDICES

	July 18	July 17	July 16	July 15	July 12	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	85.00	84.90	84.86	84.80	84.76	79.30	85.86 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.52	93.77	93.77	93.83	93.79	88.07	94.84 (5/4)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1969.0	1978.6	1971.4	1951.1	1925.7	1898.1	2014.5 (5/4)	1806.3 (16/1)	2014.5 (5/4/91)	49.4 (26/6/40)
Gold Mines	212.6	212.4	212.9	214.2	214.0	181.9	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2547.3	2561.0	2556.8	2532.5	2497.4	2400.1	2561.0 (17/7)	2054.8 (16/1)	2561.0 (17/7/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1162.86	1162.25	1169.24	1160.07	1152.84	-	1192.11 (5/6)	938.62 (16/1)	1192.11 (5/6/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.81	4.79	4.80	4.85	4.91	4.86				
●Earning Yld %(full)	8.44	8.41	8.43	4.52	8.62	10.78				
●P/E Ratio(Net)(☆)	14.56	14.62	14.59	14.42	14.26	11.27				
SEAQ Bargns 4.45pm	25,826	29,782	31,262	24,252	31,213	-				
Equity Turnover(£m)†	-	1176.45	1044.72	720.47	909.58	906.89				
Equity Bargains†	-	28,889	31,151	24,066	31,827	27,833				
Shares Traded (ml)†	-	530.6	428.1	329.4	378.3	384.1				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 13.95

Ordinary Share Index, Hourly changes — Day's High 1979.3 — Day's Low 1966.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1977.3	1974.3	1976.0	1975.7	1976.1	1975.4	1973.4	1975.7	1969.9

FT-SE 100, Hourly changes — Day's High 2558.1 — Day's Low 2546.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2557.1	2554.4	2555.3	2554.5	2554.9	2554.1	2552.3	2555.1	2548.4

FT-SE Eurotrack 200, Hourly changes — Day's High 1168.55 — Day's Low 1160.74

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1164.17	1163.70	1163.97	1163.21	1162.42	1163.32	1162.86

GILT EDGED ACTIVITY

Indices*	July 17	July 16
Gilt Edged Bargains	85.7	95.4
5 – Day average	93.7	94.0

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

Patent fears hit Wellcome

Wellcome shares ended their recent bull run with a sharp mark down after conditional approval was given to a US drug maker to produce a generic rival to Retrovir, Wellcome's anti-Aids drug. The move is the latest step in a patent dispute between Wellcome and a US government agency, the National Institute of Health.

Sentiment was also hit by news that Glaxo's anti-Aids drug 3TC, or BCH 189, begins clinical trials in August. Mr Ian White at Kleinwort Benson thinks 3TC could be on the market by 1993.

There was uncertainty over a meeting of the advisory committee of the US Food and Drugs Administration to consider ddI, a drug made by Bristol Myers Squibb of the US. The committee had not come to a decision before the close of trade in London last night. Analysts expect limited approval for ddI, possibly for use in combination with Retrovir, and news is likely today.

Wellcome dropped 33 at one point before recovering as analysts rallied to the defence of Wellcome's patent. The shares ended at 718p for a net decline of 23. Turnover was a hefty 4.4m, the highest since the beginning of May.

Barratt weak

The recent spate of brokers' circulars highlighting the possibility of a cut in the dividend and a rights issue to arrest the gronp's rising debts, triggered a fresh wave of selling pressure in Barratt Development, the housebuilder and construction group.

Barratt ended a net 9 down at 62p, with turnover expanding to 17m shares, the highest since details of daily turnover have been available on Seaq.

Specialists said tbe shares had been badly affected by the sale of a line of 6m Barratt shares by one of the big Scottish institutions at 60p a share. Dealers said a block of 5.2m shares was placed end the remaining 800,000 shares absorbed later.

Several broking houses have recently issued bearish notes on Barratt, including Smith New Court and BZW. Smith, labelling the shares a sell, said two more factors had emerged since April. First, "the spectre of rising unemployment" whicb had "brought the recovery in the housing market crashing back – May was dreadful and June little better". Secondly, there was a slower than expected economic recovery, not envisaged by Smith until the second half of 1992.

Smith pencilled in a projected loss of £24m for the current year and expects a dividend total of 5p "maximum".

GUS disappoints

Great Universal Stores fell back after it announced final results at the lower end of the range of analysts' forecasts. The "A" shares closed off 31 at 1259p following the 3.4 per cent rise in profits to £431m.

After the results, analysts rednced their current year forecasts from around £445-450m to £435m. Lower UK interest rates are expected to reduce tbe profits accruing from its large cash mountain, while analysts believe the recession will increase bad debts in its consumer and corporate finance division.

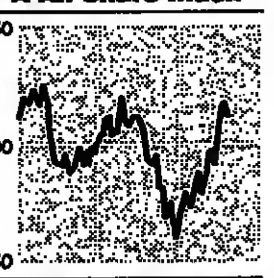
TVs active again

It was the turn of HTV to lead much of the television cootracting sector higher. A report in the *Financial Times* said that the company had outbid its rivals for its franchise. The rise in the stock was muted, however, by the price tag mentioned – £20m.

The news nevertbeless fanned the flames of optimism in the rest of the sector. Central Independent Television climbed another 45 to 790p, making a two-day gain of 162p, Scottish Television jumped 51 to 500p to take its gain over a fortnight to 155, and Anglia Television jumped 19 to 169p as investors hunted for companies whose franchise seemed assured. Marketmakers said trading volume was high.

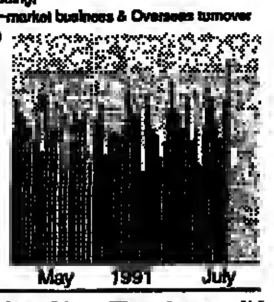
The biggest loser was USM-quoted TV-am, which has been the subject of press stories that it had been outbid for

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



its franchise. The shares slid another 9 to 124p, their lowest level since December 1987.

Bat Industries continued to retreat on a broker's downgrading and boyers avoided Renters once again ahead of *figures next week. They lost 14* to 744p and 12 to 785p respectively. Neither was helped by a weak dollar, which also held back the large drinks companies, pharmacentical stocks and other internationals.

Water shares rose sharply; specialists said the sector was responding to the fact that holders of the shares were now "in for the long-haul", with the shares now trading fully-paid.

South Wales Electricity eased a penny to 250p with the hefty turnover on Wednesday – equivalent to around 4 per cent of the company – thought to have reflected the closing of a short position in the shares.

Strauss Turnbull was one of the driving forces behind British Gas, and issued a strong buy recommendation on the shares, which the broker said would produce earnings and dividends increases during 1991-1997 of a worst-case 8 per cent and a more realistic 10.5 per cent. Strauss has put a target level of 290p on the shares. Gas shares closed 5 higher at 270p on 7.9m.

BP were beavily traded (17m) bnt closed marginally easier at 354½p after early buying, triggered by optimism over its Colombian oil discovery, encountered profit-taking.

Ultramar, upset during past weeks by a series of profits downgrades, suffered after stories of a possible rights issue re-emerged. The shares closed 9 lower at 265p on 1.6m.

Monument Oil & Gas added 1½ to 45p after news that PowerGen had agreed a deal to buy gas from the Block 110/13, where Monument has a 25 per cent stake. Ultramar has a 30 per cent holding in the field. Enterprise added 5 at 543p after the go-ahead for the development of the Nelson field.

Rugby was among a handful of building stocks to make progress, the shares adding 4 to 172p after keen support from Robert Fleming Securities. Flemings' building team said the shares were the nearest *thing to a safe haven in the* building materials sector.

Flemings said cement pricing had settled after the 1990 excitements, and that it should be one of the more stable product areas through the balance of the downturn. The broker highlighted the net cash position of the group and described the balance sheet as "one of the strongest in the sector".

A bid approach drove Edmonds Holdings 6½ higher to 43p.

Rolls-Royce was one of the market's most active stocks, with turnover expanding rapidly throughout the session to reach 10m. At the close the stock was 5 better at 150½p.

The shares were driven higher by a buy recommendation from one of the leading UK brokerages as well as by news that the group had won an order to supply marine Spey SMIC Gas turbines for a new generation of destroyers being built for the Japanese defence agency.

Takeover talk refused to die in Hawker Siddeley, with support pushing the shares up 9 more to 569p on turnover of 543,000. So far this week the shares have risen 54 with turnover consistently high.

BTR has featured prominently among potential predators for the engineering group.

Reed International reversed direction after a cantious annnal meeting. Mr Peter Davis, the chairman, said: "In the UK we are seeing no signs of upturn and both business and consumer confidence continue to be depressed." The shares slipped 11 to 436p, still the second best closing price for two months.

County NatWest's caution on the hotel sector continued to burt Ladbroke, down 7 at 243p, end Queen's Moat Houses, another 2 off at 77p. Adverse comment on the prospects for Brent Walker's refinancing lopped 2 more off the shares, leaving them at 23p.

Cadbury Scbweppes and United Biscuits continued to suffer from the growing belief that Philip Morris of the US would not launch a bid for a UK food company. UB eased 8 to 377p, while Cadbury fell 14 to 363p on speculation that the Monopolies and Mergers Commission migbt publish the results of its investigation into the carbonated soft drinks industry before the parliamentary recess on July 26. There was also unease after Coca Cola said that sales of soft drinks in the second quarter in the UK fell by 18 per cent.

Clinton Cards fell 20 to 163p after it warned that profits would be considerably below last year's £5m.

MARKET REPORTERS:
Daniel Green, Jim McCallum, Steve Thompson

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 23.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (63).
BRITISH FUNDS (1) Treas. 2pc IL 1992, AMERICANS (1) Rep NY, CANADIANS (1) Gulf Canada, BREWERS (1) Scottish & Newcastle, CHEMICALS (1) Plysu, STORES (2) In Shops, Kingfisher, ELECTRICALS (1) FKI, FOODS (4) Dalepak, Park, Shoprite, Sutherland, HOTELS (1) Ramsden's (H), INDUSTRIALS (16) Boots, Brit. Polythene, Colorgen, De La Rue, Kalon, Low & Bonar, RCO, Scapa, Serco, Toye, INSURANCE (1) Lloyd Thompson, LEISURE (3) Central ITV, Radio City A, Scottish TV, MOTORS (1) Sanderson Murray Elder, NEWSPAPERS (2) Blenheim, Johnston Press, PAPERS (1) Arjo Wiggins Appleton, PROPERTY (1) Slough Ests. 8¼pc Prf., TOBACCOS (1) Rothmans Ind. B, TRANSPORT (2) NFC, Tibbett & Britten, TRUSTS (9) American Tst., Baillie Gifford Shin Nippon, English & Scottish, GT Chile Units, Do. Wrrnts., I & S Optimum Inc. Zero Div Prf., Korea Europe, Second Alliance, Temple Bar 6pc Cnv. 2002, OILS (6) British Gas, Crusader, Monument, Ranger, Shell Trans., Total B, MINES (3) Delta, Gencor, Grootvlei.
NEW LOWS (36).
BREWERS (1) Macallan-Glenlivet, BUILDINGS (2) Albrighton, Hewetson 7pc Prf., CHEMICALS (1) European Colour, STORES (2) Church, Clinton Cards, ELECTRICALS (3) Chloride, Emess, Scantronic, ENGINEERING (3) Ransomes, UMECO, Wellman, FOODS (1) Matthews (B), HOTELS (2) Aberdeen Steak Houses, Ryan, INDUSTRIALS (7) Barratt (H), Cosalt, Dean & Bowes, Photo-Me, Rentaminster, Walker Greenbank, Whitecroft, LEISURE (3) Expedier, Greenwich Comms., Midlands Radio, TV-am, Thames TV, PROPERTY (3) Barlows, Greycoat, Travian, TRUSTS (4) Aberforth Split Level Cap., Ensign, Do. B, Murray Ventures, OILS (1) Ultramar, PLANTATIONS (1) Williamson.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	200	570	–50
ASDA Group	2,300	93	–1
[illegible]			

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

EQUITY FUTURES AND OPTIONS TRADING

STOCK INDEX futures continued to drift lower yesterday on a growing belief that they had risen too quickly after the recent reduction in UK interest rates, writes Jim McCallum.

The September FT-SE 100 index opened lower and then spent the rest of the session retreating. A lack of support from most European markets left equity futures vulnerable to profit-taking.

September's lead over the spot index narrowed considerably and at one stage it was below the fair value premium of 25 points, a clear indication of the market's unease.

But arbitrageurs took advantage of the futures market's decline to unwind trades executed earlier in the week when the futures market had led equities higher.

When the premium dipped below 25 points, the arbitrageurs bought futures and sold stock, supporting futures.

September eventually closed at 2,579, down 13 points, while its premium finished at 32. In after hours dealing, September slipped to 2,571.

In traded options, turnover was swollen by large professional trades. Anglo Pierson Options sold just under 3,000 BP October 360 calls for a fund manager. British Gas was boosted by a buyer of 800 September 260 calls and puts, while 1,000 Blue Circle September 240 puts also traded.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
100¼	99	Exch. 11pc 1991	100⅛	.....	11.00	10.55
		Treas. 8pc 1992	99¼	–⅛	8.07	10.19
		Treas. 12¾pc 1992	101⅝	–⅛	12.61	10.41
		Treas. 10pc 1992	99¾xd	.....	10.02	10.36
		Treas. 8pc 1992	98⅛	.....	8.13	10.19
		Treas. 10½pc Cv 1992	100⅛	.....	10.49	10.34
		Treas. 3pc 1992	95½	.....	3.14	8.25
		Exch. 12¼pc '92	101¾	–⅛	12.01	10.25
		Exch. 13½pc 1992	103⅞	–⅛	13.06	10.27
		Treas 8¼pc 1993	97¼xd	.....	8.48	10.14
		Treas 10pc 1993	99⅝	.....	10.04	10.20
		Treas. 12½pc 1993	104	.....	12.02	10.20
		Funding 6pc 1993	93⅝	.....	6.41	9.31
		Treas. 13¾pc 1993	107⅛	+⅛	12.85	10.24
		Treas. 8¼pc 1994	96⅜xd	+⅛	8.83	10.16
		Treas. 14½pc 1994	109⅜	+⅛	13.25	10.25
		Exch 13½pc 1994	107⅝	+⅛	12.55	10.27
		Treas. 10pc Ln. 1994	99⅜	+⅛	10.05	10.20
		Exch. 12½pc 1994	105⅞xd	+⅛	11.82	10.27
		Treas 9pc 1994	96⅝	+⅛	9.32	10.22
		Treas 12pc 1995	104⅞xd	+⅛	11.44	10.28
		Exch 3pc Gas 90-95	86	.....	3.49	7.06
		Exch. 10¼pc 1995	99⅞xd	+⅛	10.25	10.27
		Treas. 12¾pc 1995	108⅛	+⅛	11.77	10.30
		Treas. 14pc '96	112⅝xd	+⅛	12.48	10.54
		Treas. 9pc 1992-96	96½	+⅛	9.33	9.94
		Treas 15¼pc 1996	117½	+⅛	[illegible]	10.49
		Exch 13¼pc 1996	110⅝	+⅛	[illegible]	10.45

Five to Fifteen Years

Stock	Yield Red.
Conversion 10pc 1996	10.23
Do. 10pc 1996 B	10.26
Treas 13¼pc 1997	10.44
Exch 10½pc 1997	10.28
Treas 8¾pc 1997	10.19
Exch 15pc 1997	10.55
Exch. 9¾pc 1998	10.24
Treas 6¾pc 1995-98	9.70
Treas. 15½pc '98	10.43
Exch. 12pc 1998	10.33
Treas 9½pc 1999	10.10
Exch. 12¼pc 1999	10.35
Treas. 10½pc 1999	10.24
Conversion 10¼pc 1999	10.24
Conversion 9pc 2000	10.08
Treas. 13pc 2000	10.42
Treas 10pc 2001	10.18
Do. 10pc 2001 B	10.12
Treas. 14pc '98-01	10.52
Treas 9¾pc 2002	10.19

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
100⅜	94⅞	Treas 10pc 2003	98⅞	+⅛	10.11	10.14
108¼	102	Treas. 11½pc 2001-04	106½	+⅛	10.80	10.40
58⅝	53⅞	Funding 3½pc '99-04	58⅛	+⅛	5.98	8.95
97⅛	90⅛	Conversion 9½pc 2004	95⅝	+⅛	9.94	10.10
97⅞	90⅛	Conversion 9½pc 2005	95⅜	+⅛	12.54	10.08
118½	111	Treas. 12½pc 2003-05	115⅞	+⅛	10.79	10.19
		Over Fifteen Years				
85⅛	79⅞	Treas. 8pc 2002-06‡‡	84⅛	+⅛	9.52	10.06
112½	105⅞	Treas. 11¾pc 2003-07	110⅞xd	+⅛	10.64	10.18
90⅛	84⅞	Treas 8½pc 2007 ‡‡	88⅞	+⅛	9.61	9.94
125¾	118⅞	Treas. 13½pc '04-08	123⅛	+¼	10.95	10.17
94⅞	88⅞	Treas. 9pc 2008 ‡‡	92⅛	+⅛	9.72	9.89
94½	89⅞	Do. 9pc 2008 C	92⅝	+⅛	9.71	9.90
85⅞	80	Treas 8pc 2009	84⅛	+⅛	9.50	9.88
94⅝	88⅛	Conv 9pc Ln 2011 ‡‡	92⅞	+⅛	9.75	9.88
63⅛	58⅞	Treas. 5½pc 2008-12‡‡	61⅞	+⅛	8.89	9.80
82¼	76⅞	Treas. 7¾pc 2012-15‡‡	80⅞xd	+⅛	9.62	9.89
121⅛	113⅞	Exch. 12pc '13-'17	118⅞	+⅛	10.13	9.93
		Undated				
40⅛	37⅞	Consols 4pc	39⅝xd	+⅛	10.17	-
35⅞	33⅞	War Loan 3½pc‡‡	35⅛	.....	9.98	-
59⅞	57¾	Conv. 3½pc '61 Aft	58⅝	–⅛	5.98	-
29⅝	28¼	Treas. 3pc '66 Aft	29⅜	+⅛	10.19	-
25⅛	23⅝	Consols 2½pc	24⅞	+⅛	10.03	-
25¼	23⅞	Treas. 2½pc	24⅞	+⅛	10.13	-

Index-Linked

1991 High	1991 Low	Stock	(b)	Price £	+ or –	(1)	(2)
131	125⅞	Tr. 2pc '92‡‡	(97.8)	131	+⅛	0.33	4.46
118⅞	115⅞	Do. 2 '94	(102.9)	118⅛	+⅛	3.60	4.59
172⅞	168⅞	Do. 2pc '96	(67.9)	171½	+⅛	3.76	4.33
142¼	137⅛	Do 2½pc '01	(78.3)	141¼	+⅛	3.98	4.30
138⅞	133	Do. 2½pc '03	(78.8)	137⅛	+⅛	4.07	4.35
140¼	135	Do. 2pc '06	(69.5)	138⅞	+⅛	4.15	4.37
128⅛	124⅛	Do. 2½pc '09	(78.8)	127⅛	+⅛	4.18	4.38
132⅝	128⅞	Do. 2½pc '11	(74.6)	130⅞xd	+⅛	4.20	4.38
109¾	105⅞	Do. 2½pc '13	(89.2)	107⅞	+⅛	4.19	4.36
117½	113⅞	Do. 2½pc '16	(81.6)	114⅞xd	+⅛	4.17	4.34
113⅞	109⅞	Do. 2½pc '20	(83.0)	110⅞	+⅛	4.14	4.28
95¼	91⅛	Do. 2½pc '24‡‡	(97.7)	92⅛	+⅛	4.08	4.22

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, ie 8 months prior to issue. RPI for November 1990: 130.0 and for June 1991: 134.1.

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
102	95⅞	African Dv Bk 11½ Ln 2010	101½	+⅛	10.96	10.92
97⅞	91⅞	Asian Dev Bk 10¼pcLn2009	96⅝	+⅛	10.61	10.67
112⅛	105⅞	Int-Am Dev Bk 12½pc 2003	111⅛	+⅛	11.26	10.79
92⅞	86⅞	Do. 9¾pcLn 2015	91⅞	+⅛	10.69	10.77
122	101	Utd. Mexican States 16½pc 2008	122	.....	13.52	13.47

CORPORATION LOANS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
103½	100½	Birmingham 11½pc 2012	101½	.....	11.33	11.30
97½	93½	GLC 6¾pc 1990-92	97½	.....	6.92	11.05
115½	110½	Leeds 13½pc 2006	114½	.....	11.79	11.40
30	28	Liverpool 3½pc Irred.	30	.....	11.67	-
27	26	LCC 3pc '20 Aft	26	.....	11.54	-
103½	97½	Manchester 11½pc 2007	101½	.....	11.33	11.30

COMMONWEALTH & AFRICAN LOANS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
90	84½	Sth Rhod. 87-92 Asstd	90	.....	-	-

LOANS

Building Societies

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
104½	102	N'wide Anglia 3¾pc Ln 2021	103	.....	-	5.53
107	104	Do. 4.25pcIL '24	105	+1	-	5.15

Public Board and Ind.

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
53	52	Met. Wtr. 3pc 'B'	52	.....	5.77	9.70

FOREIGN BONDS & RAILS

[illegible]

Continued on next page

APPOINTMENTS

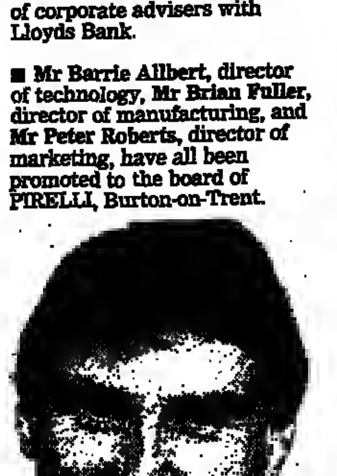
Movement at Hill Samuel

■ Mr Nigel Brinn has been appointed managing director, private banking services, at HILL SAMUEL, a TSB Group subsidiary. He also becomes responsible for Bell Lawrie White & Co, the stockbroking operation. Mr Mark Tennant, formerly chairman of Bell Lawrie White, leaves and his responsibilities are assumed by Mr Derek McIntosh, chief executive. Mr Clive Badcock becomes director, credit. He joins from Swiss Bank Corporation where he was managing director, merchant banking. Mr Brian Broadbent has been appointed director, information technology. He was managing director of systems and technology at Security Pacific Bank. Mr Chris Cheadle becomes strategic planning director. He was assistant director, strategic development, at TSB Group. Mr Charles Fairhurst joins from Brown Shipley to become head of distribution.

■ Mr Tim Whalley has been appointed head of group trade finance at STANDARD CHARTERED in succession to Mr Mel Balloch who is moving to South Africa to manage the group's new representative office. Mr Robert Miller has been appointed head of global account management UK banking, a new post. He was with Mellon Bank.

■ LADBROKE GROUP has appointed Mr Charles Roberts as senior vice president, development finance, at Hilton International. He was head of corporate advisers with Lloyds Bank.

■ Mr Barrie Allbert, director of technology, Mr Brian Fuller, director of manufacturing, and Mr Peter Roberts, director of marketing, have all been promoted to the board of PIRELLI, Burton-on-Trent.



SECURICOR OMEGA EXPRESS has appointed Mr Roy Davies *(pictured)* as personnel director. He joined th group in 1971.

■ Mr Jack Pryde has been appointed a director and Mr Toby J.L. Hayward becomes an assistant director in the corporate finance department of SINGER & FRIEDLANDER. They were with Lloyds Merchant Bank.

■ Mr Patrick Gillam, a director of The British Petroleum Co, and deputy chairman of Standard Chartered, has been appointed a director and deputy chairman of BOOKER TATE. He will succeed Lord Jellicoe as chairman when the latter retires on October 3. Mr Gillam *is also a director of* Commercial Union, and chairman of ICC United Kingdom. Sir Richard Luce, MP, formerly Minister for the Arts, and a Foreign and Commonwealth Office Minister, becomes a non-executive director.

■ Mr David Williams, chairman of SBJ MARINE REINSURANCE BROKERS, has additionally been appointed chief executive of this Steel Burrill Jones Group subsidiary.

■ Mr Peter Hugh Green has been appointed finance director and company secretary of J. HEWITT & SON (FENTON). He was a senior manager at Coopers & Lybrand Deloitte, Birmingham.

■ Mr Ken Aubrey has been appointed joint chairman of WESTINGHOUSE CUBIC. Jointly owned by Hawker Siddeley Group, and the Cubic Corporation of the US, the company specialises in automatic revenue collection systems for railways. Mr Aubrey previously headed Cubic's Australian subsidiary, Smorgon Cubic. Mr John Lincoln becomes deputy managing director. He was an executive director in the US of the Cubic Automatic Revenue Collection Group. Mr Nigel Bryant is made executive manager, customer services division, and Mr Steve Harris becomes executive manager, installation project services division.

■ *Mr Hartmut Kleven has* been appointed managing director of Ford subsidiary JAGUAR DEUTSCHLAND, Kronberg, from September 1. He joins from Ford Werke where he was director, small car programs.

T&D, Bradford, formerly Tanks & Drums, has appointed Mr Myles Thornton *(pictured)* to the main board. He is sales director of the plastics division.

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AMERICANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
33¼	20⅞	Abbott Laboratories	30⅞	–⅛	$1.00	–	1.9
385p	257p	Allegheny & W 1c	300p	+4	30c	–	5.9
10¼	667p	Amdahl 5c	891p	+2	10c	–	0.7
42¼	25¾	Amer. Cyanamid $5	40¼	–⅜	$1.50	–	2.2
17¾	9⅞	Amer. Express 60c	14	+⅛	92c	–	3.9
24⅛	15¼	American T. & T. $1	22⅞	–⅛	$1.32	–	3.4
38⅞	32¼	Ameritech $1	35¼	–⅛	$3.40	–	3.7
24	12	BankAmerica $1	22	–⅛	$1.20	–	3.2
34⅛	20	Bankers N.Y. $1	31⅝	–⅛	$1.52	–	9.1
30½	24¼	Bell Atlantic $1	27¾	–⅛	$2.52	–	5.3
31¼	25	BellSouth Corp	28⅛	–⅛	$2.76	–	3.7
11¼	6⅞	Bethlehem Steel $8	10¼		40c	–	2.3
1839p	1046p	Bowater Inc	1618p	–8	$1.20	–	4.4
9½	4½	Brunswick 75c	9	+⅛	44c	–	2.9
54	37	CPC Intnl. 25c	51⅛	–½	$2.00	–	2.3
852p	420p	California Engy	778p		–	–	–
50	28¼	Campbell Soup 15c	46½	+⅛	$2.16	–	1.5
12⅛	5	Chase Manhattan $12½	11	–⅛	$1.20	–	5.9
9¾	5⅛	Chrysler $6¼	8⅛	–⅛	60c	–	4.2
10⅛	5⅞	Citicorp $1	8¾	–⅛	$1.00	–	6.8
25	21	Colgate-Palmolive $1	22¼	–⅛	$1.06	–	2.8
845p	438p	Cont'l Bank Corp $4	809p	+4	$1.00	–	7.5
21⅝	13	Dana Corp. $1	19	–⅛	$1.60	–	4.9
1090p	203p	Data General	1041p	–30	–	–	–
22	12⅞	Dial Crop. $1.5	21⅝	–⅛	$1.40	–	3.8
29⅝	20⅛	Dun & Bradstreet $1	27⅜	–⅛	$2.16	–	4.6
40	24¼	Eaton Corpn. 50c	37	–⅛	$2.20	–	–
8⅜	5⅞	Echlin Inc	8⅛	–⅛	70c	–	5.7
19⅜	14	FPL Group 1c	18⅝	–⅛	$2.40	–	7.7
30⅜	17⅞	Fluor Corp 62½pc	27⅝	–⅛	32c	–	0.7
23⅛	13⅛	Ford Motor $1	21	–⅛	$1.60	–	2.8
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

For Scot. Hydro-Electric and Scottish Power see EQUITIES under LONDON RECENT ISSUES

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

For Rock see Coverdale

INSURANCES

[illegible]

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LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRANSPORT—Contd

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ♣ Not comparable
- ◆ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ■ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ●● Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. R Gross. H Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

IRISH

[illegible]

TRADITIONAL OPTIONS

3-month call rates

Industrials

[illegible]

Property

[illegible]

Oils

[illegible]

Mines

[illegible]

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,250 a year for each security shown, subject to the Editor's discretion.

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
[illegible]						

Manulife Management Ltd (1200)H

St George's Way, Stevenage — Dealings: 071-256 5858

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Units	5¼	133.3	134.4	143.0	.....	3.81
Gilt & F'xd Int.	5	144.9	144.9	152.4	+0.3	8.32
Int'l Growth	5¼	149.7	151.1	160.7	-1.0	0.43
North American ♥	5¼	47.78	97.78xd	104.0	-2.3	0.49
Far East	5¼	120.4	121.4xd	129.2	-1.6	0.44
UK Smaller Cos	5¼	101.1	101.1	107.6	-0.5	3.41
European	5¼	52.99	52.99xd	56.53	-0.08	1.01
Japanese Growth	5¼	37.27	37.29	39.96	-0.34	0.00
Managed P'folio	5¼	58.00	60.30	53.51	-0.20	1.33
High Income	5¼	148.5	150.4	160.0	+0.5	6.14
High Yielding Gilt	5¼	60.61	60.61	63.85	+0.02	9.82
Cash		51.27	51.27	51.27	+0.01	10.06

Geoffrey Morley Unit Mgrs Ltd (1200)F

3 Bedford Park, Croydon CR0 2AQ — 081-686 9818

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Exempt Unit Tst	4	115.22	118.22	122.73	-0.28	2.60
Exempt Smllr Cos	5¼	220.51	220.51	229.70	+0.17	1.40

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

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Stewart Ivory Unit Tst Mgrs Ltd (1200)H

45 Charlotte Sq, Edinburgh 031-226 3271

Stockbroad Intl Inv Mngrs Ltd (1200)F

Sun-Alliance Unit Tst Mngmt Ltd (1200)F

Sun Life of Canada Unit Mgrs Ltd (1000)H

Edinburgh Fund Mngrs PLC

	Bid Price	Offer Price	+ or -	Yield Gross
American July 17	162.2	164.7	+1.9	1.50
Managed July 17	145.2	150.6	+2.2	3.82
Japan July 18	118.8	122.1xd	-1.9	0.08
Sm Jap Cos July 19	579.7	595.6	-3.3	0.08

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Funds in Court*

* Restricted to monies under Court control

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Lazard Brothers & Co. Ltd

Albany Life Assurance Co Ltd—Contd.

Allied Dunbar Assurance Plc

Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514

Century Life Plc

Crusader Insurance PLC

Assicurazioni GENERALI SpA

Legal & General (Unit Pensions) Ltd

Merchant Investors Assurance Co Ltd

Lazard Investors Ltd

Local Authorities Mutual Invest. Tst.*

M & G Securities Ltd

Morgan Grenfell Unit Trust Managers Ltd

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

Rothschild Asset Management

J. Rothschild Fund Managers Ltd

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

Touche Remnant Unit Tst Mngt Ltd

Swiss Life Unit Tst Man Co Ltd (1200)F

TSB Unit Trusts (1200)H

Target Trust Mngrs Ltd (1200)F

Templeton Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1000)F

Three Counties Asset Mngmt Ltd (1430)F

Timberlake Trust Mngrs Ltd (0900)F

Touche Remnant Unit Tst Mngt Ltd (1600)F

Trades Union Unit Tst Mngrs Ltd (1200)F

United Charities Unit Trusts (1100)H

Wardley Unit Tst Mngrs Ltd (1500)F

Wellesley Unit Tst Mngmt Ltd (1000)F

Wesser Asset Management (1400)F

Whittingdale Unit Tst Mngt Ltd (0830)F

Wilshire Financial Services Ltd (0945)F

Woolwich Unit Trust Managers Ltd (1700)H

Wright Seligman Fund Mngrs Ltd (1700)F

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charities/Charitrusts (1000)F

CAFINVEST-Charities Aid Foundation

Charities Official Inv Fdst

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Amora Life Assurance Ltd

AEGON Life Assurance Co (UK) Ltd

AEtna Life Assurance Co Ltd

Albany Life Assurance Co Ltd

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Ambassador Life Assce. Co Ltd

Armstrong Life Assurance Co UK

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Black Horse Life Ass. Co Ltd

Combined Life Assurance Co

Commercial Union Group

Britannia Life Ltd

CCL Assurance Ltd

Canada Life Group

Constitution Life Assurance Co Ltd

Cornhill Insurance PLC

Cannon Assurance Ltd

Crown Financial Management Ltd

Citibank Life

Eagle Star Insur./Midland Assur.

Economic Insurance Company Ltd

Equitable Life Assurance Society

Equity & Law

Eurolife Assurance Company Ltd

Family Assurance Society

Friends Provident

FT Unit Managers Ltd

General Accident

General Portfolio Life Insur Plc

Eagle Star Life Assurance Co Ltd

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Inlife Assurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assur Society

Laurentian Life plc

Legal & General (Unit Assur) Ltd

Liberty Life Assurance Co Ltd

Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

MGM Assurance

Manchester Unity Assurance

Manulife Group (The)

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Life Assurance Ltd

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
N & P Life Assurance Ltd				
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348				
Life Managed Fd	107.2	112.8	-0.2	-
Pension Managed Fd	106.0	111.6	-	-
Life Deposit Fd	108.1	113.8	-	-
Pension Deposit Fd	111.6	119.6	-	-
National Financial Management Corp PLC				
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539				
Life Funds				
Managed Cautionary	109.6	115.4	-0.2	-
Managed Growth	136.9	144.2	-0.4	-
Managed Opportunity	138.3	145.6	-0.5	-
NFMC Target Financial	102.9	108.4	-0.1	-
Pension Funds				
Managed Cautionary	119.9	126.3	-0.3	-
Managed Growth	145	152.7	-0.4	-
Managed Opportunity	138.6	145.9	-0.6	-
NFMC Target Mngd Pen	1527.8	1608.3	-3.1	-
National Mutual Life				
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422				
Harvester Pension Funds				
Managed	163.7	172.4	-	-
UK Equity	171.8	180.9	-	-
Overseas Equity	138.9	146.3	-	-
Fixed Interest	146.6	154.4	-	-
Property	127.8	134.6	-	-
Index Linked	146.5	154.3	-	-
Deposit	158.4	166.8	-	-
With Profits (B)	129.9	136.8	-	-
National Provident Institution				
48 Gracechurch St, London EC3P 3HH 071-623 4200				

	Bid Price	Offer Price	+ or -	Yield Gross
Prosperity Life Assurance Ltd				
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555				
Initial Equity	152.0	160.5	-	-
Accum Equity	218.5	230.5	-	-
Accum Managed	227.5	240.0	-	-
Accum Five Star	172.0	181.5	-	-
Accum World	125.5	132.5	-	-
Accum Lifetime	109.9	109.9	-	-
Pens Acc Equity	235.5	248.5	-	-
Pens Acc Managed	288.0	304.0	-0.5	-
Pens Acc Intl	214.0	225.5	-2.0	-
Pens Acc Deposit	201.0	212.0	-	-
Pens Acc Five Star	188.5	198.5	-	-
Providence Capital Life Assc. Co Ltd				
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888				
UK Equity Acc	226.2	238.7	+1.1	-
UK Fixed Int Acc	176.8	186.6	+0.2	-
Intl Equities Acc	177.9	187.7	-0.6	-
UK Managed Acc	174.5	184.0	+0.2	-
Property Acc	224.1	236.4	-	-
Money Acc	130.1	137.3	+0.1	-
Special Market Acc	141.9	149.7	-1.5	-
Japan Equity Acc	103.7	109.4	-0.9	-
North American Acc	100.4	114.4	-1.1	-
Pacific Acc	96.8	102.2	-0.7	-
Technology Acc	127.6	134.7	-0.6	-
Nat Resources Acc	63.8	67.3	-0.3	-
European Acc	101.0	106.6	-0.4	-
Residential Prop Acc	96.2	101.5	-	-
Swiss Equities Acc	35.1	37.1	+0.1	-
Hong Kong Acc	69.8	73.7	-0.4	-
UK High Inc Eq Acc	72.8	76.8	+0.4	-
Int Fixed Interest Acc	57.7	60.9	-0.1	-
Int Managed Acc	56.9	60.0	-0.1	-
HIP Managed Acc	118.4	124.8	-0.5	-
HIP Managed II Acc	100.3	105.8	-0.2	-
HIP Managed III Acc	107.3	113.1	-0.4	-
Total Investment Bond				
UK Equity Initial	154.0		+0.8	-

ECU Futures Plc

	Bid Price	Offer Price	+ or -	Yield Gross
ECU Omega Fonds		140.0	+1.0	-
ECU Rayon		120.0	-	-

Edinburgh Money Management Ltd
41a Charlotte Square, Edinburgh EH2 4HQ 031 220 1244

	Bid Price	Offer Price	+ or -	Yield Gross
Select Portfolio	128.3	29.81	-	-

Fairmount Financial Services Ltd
Fairmount Hse, Bull Hill, Leatherhead 0372 370000

Hambros Fd Mgrs (CI) Ltd
PO Box 255, Guernsey 0481 715454

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

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IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark firm against dollar

A SMALLER than expected US trade deficit did not help a weak dollar yesterday. Dealers said that the May deficit of $4.57bn, against forecasts of around $5bn, reflected the weak state of domestic demand in the US even though the trade gap increased from a revised $4.51bn in April.

Exports remained high at $35.30bn in May, slightly below April's record figure of $35.63bn, while the decline in imports to $39.88bn from $40.14bn reflected the impact of the recession on demand.

The US Commerce Department concluded that the trade deficit rose partly because oil imports increased to $4.60bn from $3.99bn.

New applications for US unemployment benefits rose by 7,000 to 395,000 in the week to July 6, but analysts said this was a technical development and did not change the picture of a slowly improving labour market.

In general yesterday's data do not appear to increase pressure on the US Federal Reserve to ease its monetary stance, but the dollar was already weak before the figures were announced, on speculation about lower US interest rates.

Mr Nicholas Brady, US Treasury Secretary, said there was a real chance of further rate cuts by the Federal Reserve and that this would be welcomed by the administration.

Dealers reported stop loss selling of the dollar, amid suggestions that a large French corporate trader sold a very large amount during the morning.

The US currency fell through several technical support points to a low of DM1.7650, before closing at DM1.7710 in London compared with DM1.7890 previously. The dollar also declined to SFr1.5350 from SFr1.5535 and to FFr6.0100 from FFr6.0725, but was little changed against the Japanese yen, rising to Y136.80 from Y136.75. On Bank of England figures the dollar's index fell to 67.2 from 67.5.

The dollar's decline was mainly against members of the European exchange rate mechanism and other currencies closely tied to the D-Mark, such as the Swiss franc. This mainly reflected expectations that German interest rates will be increased later this year, following a warning about inflation in the Bundesbank's monthly report.

Sterling lost a little ground against the D-Mark but was generally firm, gaining 1¼ cents to $1.6675 and rising to third from fourth strongest in the European exchange rate mechanism. A batch of UK economic data on employment trends and money supply growth had little impact.

The pound fell to DM2.9525 from DM2.9575; to FFr10.0225 from FFr10.0350; and to SFr2.5600 from SFr2.5675, but rose to Y228.00 from Y226.00. Sterling's index gained 0.2 to 90.7.

The Bank of England was reported to have intervened several times to support the Canadian dollar in London, after the currency weakened sharply on political nervousness.

£ IN NEW YORK

July 18	Latest	Previous Close
£ Spot	1.6670-1.6680	1.6490-1.6500
1 month	0.72-0.70pm	0.72-0.70pm
3 months	2.00-1.97pm	2.03-2.00pm
12 months	5.90-5.80pm	5.90-5.80pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	July 18	Previous
8.30 am	90.6	90.4
9.00 am	90.6	90.4
10.00 am	90.7	90.4
11.00 am	90.8	90.4
Noon	90.7	90.4
1.00 pm	90.7	90.3
2.00 pm	90.7	90.4
3.00 pm	90.7	90.5
4.00 pm	90.7	90.5

CURRENCY MOVEMENTS

Jul 18	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.7	-20.7
U.S Dollar	67.2	-11.3
Canadian Dollar	105.6	+3.3
Austrian Schilling	108.3	+11.0
Belgian Franc	109.8	-3.1
Danish Krone	107.1	+1.8
D-Mark	115.9	+22.7
Swiss Franc	104.2	+17.6
Dutch Guilder	112.5	+14.7
French Franc	101.5	-14.1
Lira	98.0	-20.3
Yen	139.3	+71.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Jul 17

CURRENCY RATES

Jul 18	Bank & rate %	Special * Drawing Rights	European † Currency Unit
Sterling	–	0.802875	0.695208
U.S Dollar	5.50	1.32073	1.15926
Canadian $	0.89	1.51541	1.33593
Austrian Sch	7	16.7006	14.4641
Belgian Franc	7.50	48.8439	42.3014
Danish Krone	9	9.17643	7.94788
D-Mark	6.50	2.37269	2.05502
Dutch Guilder	7.75	2.67501	2.31527
French Franc	10¼	8.05645	6.97584
Italian Lira	11½	1767.43	1531.38
Japanese Yen	5.50	181.072	158.471
Norway Krone	8	9.24907	8.00816
Spanish Peseta	–	148.801	128.748
Swedish Krona	10.00	8.58342	7.43665
Swiss Franc	6.00	2.06166	1.77946
Greek Drach	19	N/A	224.630
Irish Punt	–	N/A	0.768281

& Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Jul 17

OTHER CURRENCIES

Jul 18	£	$
Argentina	16540.0 - 16566.5	9925.00 - 9935.00
Australia	2.1565 - 2.1565	1.2935 - 1.2945
Brazil	549.450 - 550.300	329.700 - 330.000
Finland	7.0820 - 7.1025	4.2550 - 4.2580
Greece	318.750 - 325.150	192.250 - 196.100
Hong Kong	12.9380 - 12.9545	7.7620 - 7.7640
Iran	112.00*	70.00*
Korea(Sth)	1198.94 - 1218.25	728.70 - 734.50
Kuwait	0.48280 - 0.48310	0.29290 - 0.29300
Luxembourg	60.75 - 60.85	36.40 - 36.50
Malaysia	4.6350 - 4.6425	2.7830 - 2.7850
Mexico	5024.30 - 5050.00	3015.00 - 3016.00
N.Zealand	2.9495 - 2.9525	1.7700 - 1.7720
Saudi Ar	6.1575 - 6.2340	3.7500 - 3.7510
Singapore	2.9140 - 2.9210	1.7490 - 1.7510
S.Af (Cm)	4.7730 - 4.7845	2.8660 - 2.8675
S.Af (Fn)	5.1920 - 5.2735	3.1155 - 3.1645
Taiwan	44.40 - 44.50	27.00 - 27.05
U.A.E.	6.0270 - 6.1055	3.6715 - 3.6735

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jul 10	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.748	-3.65	5.19	64
Italian Lira	1538.24	1531.38	-0.45	1.80	27
Sterling	0.696904	0.695208	-0.24	1.60	4
Belgian Franc	42.4032	42.3014	-0.24	1.59	17
Dutch Guilder	2.31643	2.31527	-0.05	1.40	0
D-Mark	2.05586	2.05502	-0.04	1.39	18
Irish Punt	0.767417	0.768281	0.11	1.24	0
French Franc	6.89509	6.97584	1.17	0.18	-58
Danish Krone	7.84195	7.94788	1.35	0.00	-57

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jul 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6610 - 1.6700	1.6670 - 1.6680	0.72-0.70cpm	5.11	2.01-1.98pm	4.79
Canada	1.9075 - 1.9275	1.9250 - 1.9260	0.42-0.37cpm	2.46	0.79-0.72pm	1.57
Netherlands	3.3225 - 3.3325	3.3225 - 3.3325	⅝-½cpm	2.03	1½-1¼pm	1.65
Belgium	60.65 - 61.00	60.75 - 60.85	13-9cpm	2.17	30-22pm	1.71
Denmark	11.4050 - 11.4525	11.4125 - 11.4225	2⅛-1¼orepm	1.77	4⅛-3⅜pm	1.49
Ireland	1.1025 - 1.1090	1.1040 - 1.1050	0.09-0.04ppm	0.71	0.30-0.20pm	0.91
Germany	2.9500 - 2.9600	2.9500 - 2.9550	⅝-½pfpm	2.29	1⅞-1½pm	1.69
Portugal	251.10 - 254.80	252.60 - 253.60	393-500cdis	-19.75	489-687dis	-9.29
Spain	184.20 - 185.60	184.50 - 184.80	24-34cdis	-1.88	75-85dis	-1.73
Italy	2197.50 - 2207.00	2199.00 - 2200.00	par-1liredis	-0.27	2-3dis	-0.45
Norway	11.4975 - 11.5450	11.5100 - 11.5200	1-½orepm	0.78	1⅞-1¼pm	0.54
France	10.0175 - 10.0575	10.0175 - 10.0275	1½-1¼cpm	1.65	3⅞-3½pm	1.47
Sweden	10.6675 - 10.7175	10.6875 - 10.6975	⅜-½orepm	0.77	1¼-⅝pm	0.35
Japan	227.00 - 228.50	227.50 - 228.50	¾-⅝ypm	3.62	2-1⅞pm	3.29
Austria	20.75 - 20.83	20.75 - 20.78	4⅛-3⅜gropm	2.24	9⅞-7⅜pm	1.67
Switzerland	2.5550 - 2.5680	2.5550 - 2.5650	¾-⅝cpm	3.22	2-1⅞pm	3.03
Ecu	1.4350 - 1.4415	1.4385 - 1.4395	0.18-0.13cpm	1.29	0.43-0.34pm	1.07

Commercial rates taken towards the end of London trading. Six-month forward dollar 3.51-3.46cpm. 12 Month 5.92-5.82cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jul 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6610 - 1.6700	1.6670 - 1.6680	0.72-0.70cpm	5.11	2.01-1.98pm	4.79
Ireland†	1.4995 - 1.5130	1.5090 - 1.5100	0.49-0.44cpm	3.70	1.42-1.32pm	3.63
Canada	1.1475 - 1.1550	1.1540 - 1.1550	0.24-0.27cdis	-2.65	0.72-0.77dis	-2.58
Netherlands	1.9880 - 2.0150	1.9950 - 1.9960	0.50-0.53cdis	-3.10	1.53-1.58dis	-3.12
Belgium	36.40 - 36.80	36.40 - 36.50	8.00-10.00cdis	-2.96	24.00-30.00dis	-2.96
Denmark	6.8275 - 6.9155	6.8450 - 6.8500	1.85-2.15oredis	-3.50	5.45-6.05dis	-3.36
Germany	1.7645 - 1.7900	1.7705 - 1.7715	0.43-0.45pfdis	-2.90	1.34-1.37dis	-3.06
Portugal	151.80 - 152.10	151.90 - 152.00	280-350cdis	-24.88	420-520dis	-12.37
Spain	110.65 - 112.00	110.80 - 110.90	62-65cdis	-6.87	176-183dis	-6.48
Italy	1316.00 - 1332.00	1318.75 - 1319.25	5.70-6.20liredis	-5.41	17.60-18.30dis	-5.44
Norway	6.8830 - 6.9740	6.9025 - 6.9075	2.35-2.65oredis	-4.34	7.05-7.55dis	-4.23
France	5.9925 - 6.0675	6.0075 - 6.0125	1.72-1.78cdis	-3.49	5.00-5.15dis	-3.38
Sweden	6.3900 - 6.4785	6.4100 - 6.4150	2.24-2.49oredis	-4.43	6.95-7.40dis	-4.48
Japan	136.20 - 137.00	136.75 - 136.85	0.15-0.17ydis	-1.40	0.47-0.50dis	-1.42
Austria	12.4500 - 12.5900	12.4575 - 12.4625	2.00-4.50grodis	-3.13	7.50-12.00dis	-3.13
Switzerland	1.5305 - 1.5555	1.5345 - 1.5355	0.23-0.26cdis	-1.92	0.69-0.74dis	-1.86
Ecu†	1.1490 - 1.1630	1.1595 - 1.1605	0.38-0.36cpm	3.83	1.10-1.06pm	3.72

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Jul 18	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	11⅛ - 11	11⅛ - 11	11⅛ - 11	11⅛ - 11	10⅞ - 10¹³⁄₁₆	10¹³⁄₁₆ - 10¹¹⁄₁₆
US Dollar	5¹³⁄₁₆ - 5¹¹⁄₁₆	6 - 5⅞	6 - 5⅞	6⅛ - 6	6⅜ - 6¼	6¹³⁄₁₆ - 6¹¹⁄₁₆
Can. Dollar	8¼ - 8	8½ - 8¼	8½ - 8¼	8⅝ - 8⅜	8⅝ - 8½	9⅛ - 8⅞
Dutch Guilder	8⅝ - 8½	8¾ - 8⅝	9 - 0⅞	9⅜ - 9¼	9⅜ - 9¼	9⅜ - 9¼
Swiss Franc	7½ - 7¼	7⅝ - 7½	7¹³⁄₁₆ - 7¹¹⁄₁₆	7⅞ - 7¾	7⅞ - 7¾	7¾ - 7½
D-Mark	8¾ - 8⅝	8¾ - 8⅝	8⅞ - 8¾	9⅛ - 9	9¼ - 9⅛	9⅜ - 9¼
French Franc	9⅜ - 9¼	9⅜ - 9¼	9⅜ - 9¼	9⅝ - 9½	9⅝ - 9½	9¹³⁄₁₆ - 9⅝
Italian Lira	12 - 10	11½ - 10½	11⅜ - 10⅞	11½ - 11	11⅝ - 11⅜	12 - 11⅝
Belgian Franc	8⅞ - 8⅝	8¹⁵⁄₁₆ - 8¹³⁄₁₆	8¹⁵⁄₁₆ - 8¹³⁄₁₆	9⅛ - 9	9⅜ - 9¼	9⅝ - 9½
Yen	7⅞ - 7¾	7½ - 7⅜	7½ - 7⅜	7⅝ - 7½	7⅝ - 7½	7⅝ - 7½
Danish Krone	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9¾ - 9⅝
Asian $Sing.	6 - 5⅞	6 - 5⅞	6⅛ - 5¹⁵⁄₁₆	6⅛ - 6	6⅛ - 6	6⅛ - 6

Long term Eurodollars: two years 7½-7⅜ per cent; three years 7¹³⁄₁₆-7¹¹⁄₁₆ per cent; four years 8¼-8⅛ per cent; five years 8½-8⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

July 18	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.667	2.952	228.0	10.02	2.560	3.327	2199	1.925	60.80	1.439
$	0.600	1	1.771	136.8	6.011	1.536	1.996	1319	1.155	36.47	0.863
DM	0.339	0.565	1	77.24	3.394	0.867	1.127	744.9	0.652	20.60	0.487
YEN	4.386	7.311	12.95	1000.	43.95	11.23	14.59	9645	8.443	266.7	6.311
F Fr.	0.998	1.664	2.946	227.5	10.	2.555	3.320	2195	1.921	60.68	1.436
S Fr.	0.391	0.651	1.153	89.06	3.914	1	1.300	859.0	0.752	23.75	0.562
H Fl.	0.301	0.501	0.887	68.53	3.012	0.769	1	661.0	0.579	18.27	0.433
Lira	0.455	0.758	1.342	103.7	4.557	1.164	1.513	1000.	0.875	27.65	0.654
C$	0.519	0.866	1.534	118.4	5.205	1.330	1.728	1142	1	31.58	0.748
B Fr.	1.645	2.742	4.855	375.0	16.48	4.211	5.472	3617	3.166	100.	2.367
ECU	0.695	1.158	2.051	158.4	6.963	1.779	2.312	1528	1.338	42.25	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
103	-	-	-	0.12	0.54	-
104	1.22	-	-	0.31	0.83	-
105	0.81	1.19	1.57	0.68	1.25	1.61
106	0.25	0.77	-	1.34	1.78	-
107	0.09	0.47	0.81	-	-	-
108	0.04	0.27	-	-	-	-
Open Int.	152,542	35,132	7,785	106,442	22,284	14,700

Estimated volume 16,779 Total Open Interest 338,885

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6675	1.6604	1.6476	1.6327	1.6088

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Sep	1.6546	1.6630	1.6510	1.6368
Dec	1.6370	1.6470	1.6360	1.6200
Mar	-	-	-	1.6072

BASE LENDING RATES

	%		%		%
ABN Bank	11	Comm.Bk.of London Plc	11	McDonnell Douglas Bnk.	11
Adam & Company	11	Co-operative Bank	11	Midland Bank	11
Allied Trust Bank	11	Coutts & Co	11	Mount Banking	11
AIB Bank	11	Cyprus Popular Bk	11	NatWestminster	11
● Henry Ansbacher	11	Dunbar Bank PLC	11	Northern Bank Ltd	11
B & C Merchant Bank	11	Duncan Lawrie	11	Nykredit Mortgage Bank	12
Bank of Baroda	11	Equatorial Bank plc	11	Provincial Bank PLC	14
Banco Bilbao Vizcaya	11	Exeter Bank Limited	11½	Roxburghe Bank Ltd.	12.5
Bank of Cyprus	11	Financial & Gen. Bank	12	Royal Bk of Scotland	11
Bank of Ireland	11	First National Bank Plc.	14	● Smith & Williamson Secs.	11
Bank of India	11.5	● Robert Fleming & Co.	11	Standard Chartered	11
Bank of Scotland	11	Robert Fraser & Ptnrs.	11½	TSB	11
Banque Belge Ltd	11	Girobank	11	Unibank plc	11
Barclays Bank	11	● Guinness Mahon	11	● United Bk of Kuwait	11
Benchmark Bank	11.5	● Hambros Bank	11	Unity Trust Bank Plc	11
Brit Bk of Mid East	11	Hampshire Trust Plc	13.5	Western Trust	11
● Brown Shipley	11	Heritable & Gen Inv Bnk.	11	Westpac Bank Corp.	11
CL Bank Nederland	11	● Hill Samuel	11	Whiteaway Laidlaw	11
Citibank NA	11	C. Hoare & Co.	11	Yorkshire Bank	11
City Merchants Bank	11	Hongkong & Shanghai	11		
Clydesdale Bank	11	● Leopold Joseph & Sons	11		
		Lloyds Bank	11		
		Meghraj Bank Ltd	11		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Rates little changed

INTEREST RATES in London were virtually unmoved by a collection of UK economic indicators yesterday. Much of the data were in line with expectations, but unemployment rose by only 59,700 in June against forecasts of around 75,000 and a rise of £400m in June bank and building society lending (M4) was well below market expectations of about £3.0bn.

Three-month sterling interbank was quoted at 11⅛-11 per cent, compared with 11⅛-11⅛ on Wednesday, while 12-month money eased to 10¾-10⅝ from 10¹³⁄₁₆-10¹¹⁄₁₆ per cent.

Short sterling futures were also steady on Liffe. September delivery opened lower at 89.37 and closed at that level compared with 89.39 previously.

Day-to-day credit remained in short supply on the London money market. The Bank of England initially forecast a shortage of £1,150m, but revised this to £1,100m at noon and to £1,200m in the afternoon. Total assistance of £1,012m was provided.

An early round of help was offered and at that time the authorities bought £611m bills, including £55m bank bills outright, in band 1 at 10⅞ per cent. Another £556m bills were purchased, for resale to the market on August 12, at an interest rate of 10¹⁵⁄₁₆ per cent.

Before lunch another £2m bank bills were bought outright, in band 2 at 10⅞ per cent. In the afternoon £174m bills were purchased, by way of £142m bank bills in band 1 at 10⅞ per cent and £32m bank bills in band 2 at 10⅞ per cent. Late assistance of around £225m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £651m, with the unwinding of repurchase agreements on bills absorbing £352m, a rise in the note circulation £105m and bank balances below target £140m. These outweighed exchequer transactions adding £100m to liquidity.

In Frankfurt call money was unchanged at 8.75 per cent. A warning about inflationary pressures, in the Bundesbank's monthly report, put some pressure on fixed period rates, but trading was generally calm ahead of an expected draining of liquidity next week through payment of taxes.

The Bundesbank's report warned that prices were rising even before a series of tax rises took effect this month. Consumer prices rose at a year-on-year rate of 3.5 per cent in June, the highest level for eight years.

UK clearing bank base lending rate
11 per cent
from July 12, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. July 18) 3 months US dollars		6 months US Dollars	
bid 6	offer 6⅛	bid 6⅜	offer 6½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	8½	One month	5.50	Three year	7.33
Broker loan rate	7¼	Two month	5.59	Four year	7.50
Fed.funds	5¹³⁄₁₆	Three month	5.75	Five year	7.93
Fed.funds at intervention	-	Six month	5.90	Seven year	8.17
		One year	6.30	10-year	8.30
		Two year	6.86	30-year	8.49

July 18	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.70-8.80	8.80-8.95	8.85-9.00	8.90-9.05	9.05-9.20	9.00
Paris	9⅞-9⅝	9⅛-9⅜	9⅛-9⅜	9⅛-9⅞	9⅛-9⅞	9.25
Zurich	7⅝-7⅜	7⅝-7⅞	-	7⅞-8	-	-
Amsterdam	8.37-8.50	8.86-8.94	-	9.03-9.13	-	-
Tokyo	7¹³⁄₁₆-7¹¹⁄₁₆	7⅞-7½	-	7⅝-7½	-	-
Milan	10¾-11	11⅝-11⅞	-	11⅝-11⅞	-	-
Brussels	8⅛-8⅜	8¹³⁄₁₆-8¹¹⁄₁₆	-	9-9⅛	-	-
Dublin	9⅛-9⅜	9⅛-9⅝	9⅞-10	9¹⁵⁄₁₆-10⅛	9¹⁵⁄₁₆-10⅛	-

LONDON MONEY RATES

Jul 18	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11⅛	11⅛	11⅛	11⅛	10⅞	10¹³⁄₁₆
Interbank Bid	11	11	11	11	10¾	10¹¹⁄₁₆
Sterling CDs	-	-	11⅙	11⅙	10¹³⁄₁₆	10¾
Local Authority Deps.	10⅞	11⅙	11	11	10¹³⁄₁₆	10⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	11⅛	10¹⁵⁄₁₆	10⅞	10½	-	-
Company Deposits	-	-	11⅛	11⅛	10⅞	10¹³⁄₁₆
Finance House Deposits	-	-	10¹⁵⁄₁₆	10¹⁵⁄₁₆	10¾	10¹¹⁄₁₆
Treasury Bills (Buy)	-	-	10¹³⁄₁₆	10¾	10⅝	-
Bank Bills (Buy)	-	-	10¹⁵⁄₁₆	10¹³⁄₁₆	10⅝	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	6.00	6.10	6.37	6.73
SDR Linked Dep. Offer	-	-	7¹³⁄₁₆	7⅞	7¹⁵⁄₁₆	8
SDR Linked Dep. Bid	-	-	7⅝	7¾	7¹³⁄₁₆	7⅞
ECU Linked Dep. Offer	-	-	9¾	9⅞	9¹⁵⁄₁₆	10
ECU Linked Dep. Bid	-	-	9⅝	9¾	9¹³⁄₁₆	9⅞

Treasury Bills (sell); one-month 10¾ per cent; three months 10½ per cent; six months 10 per cent; Bank Bills (sell); one-month 10⅞ per cent; three months 10⅝ per cent; Treasury Bills; Average tender rate of discount 10.4839 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day June 28, 1991. Agreed rates for period July 24, 1991 to August 25, 1991, Scheme I: 12.50 p.c., Schemes II & III: 12.53 p.c. Reference rate for period June 1, 1991 to June 28, 1991, Scheme IV&V: 11.295 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ from July 1, 1991; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent; one-three months 10 per cent; three-six months 9½ per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7½ per cent from July 15, 1991, Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

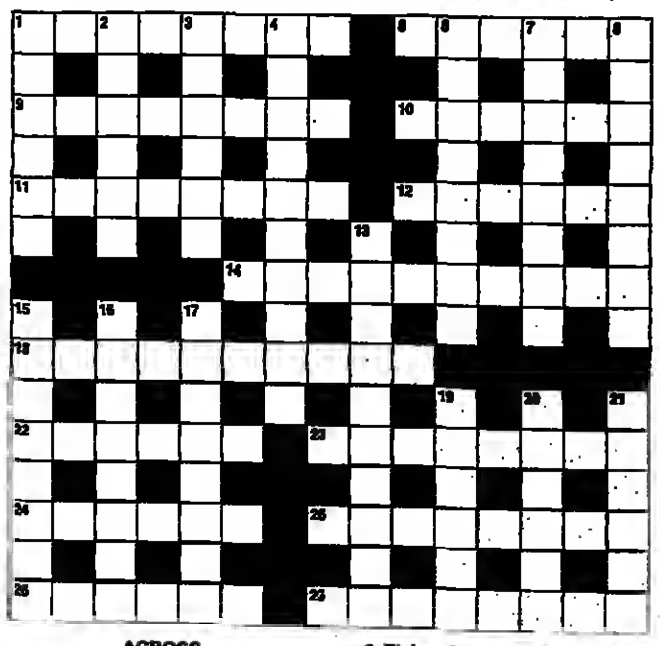
Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

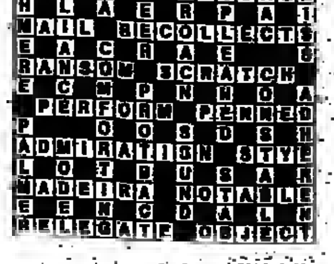
No.7,598 Set by GRIFFIN



ACROSS
1 People criticising those who wish to enter? (8)
5 Found note in packing case (6)
9 Folder enabling one to make cuts? (8)
10 Place facing counter (6)
11 *Homes in Ascot* get damaged (8)
12 Screens surveyor getting done in (6)
14 Tart disfigured by operation makes appeal (10)
18 Fetch her no rum from now on! (10)
22 Some Greek editors hummed (6)
23 Anything boring about having unwanted air vents? (8)
24 Turn a tiny key before making choice (6)
25 I ring fifty clergymen without linoleum (8)
26 Outside West End fur firm (6)
27 Storms taking ages to come round (8)

DOWN
1 Russian buyer's knockout kiss! (6)
2 Flowery, fancy or neat (6)
3 Since shipwrecked, sank before reaching here (6)
4 What people see in glass? (10)
6 Fish salesman's first rebuke (8)
7 Once one admitted a woman's lack of appetite (8)
8 Service flat number (8)
13 If tyrant's turned out monarch will enter brotherhood (10)
15 Absurd acts made church parades less quiet (8)
16 Accountant follows financial backer to one plant (8)
17 Set of drawers with external lever is French (8)
19 Oral account upset club members outside (6)
20 Baffled cast (6)
21 Terribly pushy model's first illness (6)

Solution to Puzzle No.7,597



WORLD STOCK MARKETS

AUSTRIA | FRANCE (continued) | GERMANY (continued) | NETHERLANDS | SWEDEN (continued)

BELGIUM/LUXEMBOURG | DENMARK | FINLAND | FRANCE | ITALY | GERMANY | NORWAY | SPAIN | SWITZERLAND | SOUTH AFRICA | SWEDEN | JAPAN | AUSTRALIA | HONG KONG | MALAYSIA | SINGAPORE

CANADA

TORONTO

3:00 pm prices July 18

Quotations in cents unless marked $

Sales	Stock	High	Low	Close	Chng
900	Abbot Pr x	$16⅝	16⅝	15⅞	-⅛
10600	AgnicoEa	$8	8⅞	8	+⅝
114400	Air Cda	$9⅞	9¼	9⅞	-¼
20300	Alberta En	$13¼	13⅛	13¼	
11200	AlbNtGas	$13⅞	13⅝	13⅞	
229200	Alcan Al	$24¾	24⅞	24¾	+½
710400	Am Barr	$27⅞	26⅝	26⅞	-¼
6500	Atco Cl 1	$12⅝	12½	12½	-⅛
127400	Bk Montr'l	$35⅞	35⅝	35¾	
190800	Bk Nova Sc	$17⅞	17⅞	17¼	
2200	BC Sugar A	$16	14⅞	15	+⅞
1300	BCE Dev	16	16	16	
319000	BCE Inc	$43½	43	43⅝	+½
38100	Belmoral	16	15	15	
4000	BGR A x	$8½	8⅞	8⅞	-⅛
172200	Bom'dierB x	$23	22¼	22⅞	
4300	Bow Valley	$13⅝	13¼	13⅞	
10700	BP Canada	$15	14⅞	15	+⅛
33200	Bramalea x	$6⅝	6⅞	6⅞	
39600	Brascan A	$19⅝	19⅞	19¼	+⅛
21500	Breakwater	46	d43	43	-2
44900	Cominco	$24⅝	24⅝	24⅝	+⅛
60700	Computalog	198	198	198	
600	ConcanDev	$8⅝	8½	8⅝	
11500	CrownX A	295	285	290	+10
100	Denison A	49	49	48	
3000	Derlan	$8⅛	7⅞	7⅞	
40600	Dofasco	$22	21½	22	+½
2700	Domlon Txt	$7½	7⅝	7½	+⅛
6000	Domtar Inc	$8¼	8⅞	8¼	-⅛
700	Du Pont A	$32¼	32¼	32⅞	-¼
141800	Echo Bay M	$11½	11¼	11⅝	+¼
21200	Emco Ltd	u$8	8	8	
200	Empire x	$12	12	12	
25800	Euro Nev	u$13¼	13	13⅞	-⅛
100	FPI Ltd	$8⅞	8⅞	8⅞	
13800	Finning	$14½	14⅞	14½	
3000	Fst Mara A	$8½	8⅞	8⅞	
2200	Fortis	$22⅞	22⅞	22⅞	-⅛
4300	Four Seasn	$19⅝	19½	19⅝	
69900	FrancoNev	$21⅛	20	20	-1½
26500	Galactic	77	72	72	-8
2500	Gendis A	$24⅞	24¾	25	
2800	Gnt Yknife	$8⅛	8	8	
27100	Glamis Gld	u405	400	400	
8000	Granges	150	143	143	-4
600	GtW Lifeco	$14½	14½	14½	-⅛
103700	Gulf Cda R	$10⅛	9⅞	9⅞	-⅛
1100	GW Utils	$17	17	17	
100	Laurentl Gp	$7¼	7¼	7⅞	
8100	Lawson Mar	$8⅞	8⅞	8⅞	
1800	Loblaw	$20¾	20⅝	20⅝	-⅛
12500	Mackenzie	$6½	6⅞	6⅞	
147800	Macm Bl	$21	20¾	20⅞	-⅛
90700	Magna IntA	$14¼	14	14	-⅛
13500	Mpl Lf Fds	$18⅝	18½	18½	-⅛
4900	Mark TST	$19⅛	19¼	19⅞	
20400	Mark Res	$7½	7¼	7½	+¼
6900	MDS Hth B	u$19¾	19⅝	19¾	+⅛
800	Memotech	$9½	9½	9½	
30600	Metall Min	$11⅞	d11⅝	11¾	+⅞
12250	Minnova	$15½	15¼	15½	
33400	Mitel Corp	118	110	118	+8
7800	Molson A	$29½	d29⅞	29⅞	-⅛
48800	Moore Corp	$30⅝	30¼	30⅝	+⅞
500	Muscocho	7	7	7	
8900	Nat Bk Can	$11	10⅞	10⅞	
13600	Noma Ind A	$7⅞	7⅝	7½	-⅛
3600	NorandaFor	$9	9	9	
196400	Noranda	u$20⅞	19⅞	20¼	+¼
1400	Norcn8.12	$25⅝	25⅛	25	
15800	NorcnNVtg	$21¼	20¾	21¼	+⅝
99000	Nth Telo	u$43⅞	43½	43⅞	
20800	Northgate	159	100	150	+5
60600	Nova Corp	$8	7⅞	7⅞	-⅛
1200	Nowsco Wlv	$13½	13½	13½	
3000	Numac Oil	$8	8	8⅞	

MONTREAL

3:00 pm prices July 18

Sales	Stock	High	Low	Close	Chng
3500	DominTxt A	$7½	7⅞		
100000	MacleanHnt	$10⅞	10⅞		
600	Memotec	$9½	9½	9½	
31600	NatBk Can	$11	10⅞	10⅞	
2700	Provigo	$11¼	11¼	11⅝	
1300	Quebecor A	$17⅝	17⅞	17⅝	
200	Videotron	$13⅝	13⅝	13⅛	

Total Sales 10,247,700 shares

INDICES

NEW YORK

DOW JONES	July 17	July 10	July 15	July 12	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
◊Industrials	2978.76	2983.90	2990.61	2980.77	3035.33 (3/6)	2470.30 (9/1)	3036.33 (3/6/91)	41.22 (2/7/32)
Home Bonds	94.30	94.26	94.26	94.24	95.09 (30/5)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1194.99	1205.57	1207.69	1208.39	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	199.64	198.50	198.76	198.06	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

◊Day's High 3011.18 (3012.52) Low 2961.54 (2962.88)

STANDARD AND POOR'S

	July 17	July 10	July 15	July 12	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	381.18	381.54	382.39	380.25	390.45 (17/4)	311.49 (9/1)	390.45 (17/4/91)	4.40 (1/6/32)
Industrials	454.69	455.02	455.92	453.65	463.23 (18/4)	364.90 (9/1)	463.23 (18/4/91)	3.62 (21/6/32)
Financial	30.37	30.45	30.46	29.78	31.58 (18/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	209.09	209.12	209.39	208.16	213.21 (17/4)	170.97 (9/1)	213.21 (17/4/91)	4.46 (25/4/42)
Amex Mkt. Value	367.12	365.53	365.78	364.14	373.40 (18/4)	296.72 (14/1)	397.05 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	493.42	493.60	496.19	492.71	511.31 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	July12	July 5	June28	year ago (approx.)
Dow Industrial Div. Yield	3.08	3.14	3.16	3.62

	Jul 10	Jul 3	Jun 26	year ago (approx.)
S & P Industrial div. yield	2.79	2.81	2.83	2.96
S & P Indl. P/E ratio	18.89	18.77	18.68	16.95

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Telmex Cp	3,037,000	26⅝	....
Gen Elec	2,914,600	71¼	-2⅛
Tritna	2,645,600	29⅞	+⅛
Blockbuster	2,518,700	10¼	+⅛
RJ Nabisco	2,340,600	11⅛	-⅛
Philip Mor	2,313,100	66⅝	-1⅛
LTV Corp	2,283,800	1⅞	+⅛
NFS Internat	1,935,700	7⅞	-⅛
Pepsi Co	1,823,800	29⅞	-½
USX-Marath	1,752,100	25¼	+⅛

TRADING ACTIVITY

† Volume (Millions)	July 17	July 16	July 15
New York SE	194,150	182,740	159,540
Amex	12,468	11,317	10,284
NASDAQ	160,944	156,947	137,953
NYSE			
Issues Traded	2,082	2,085	2,050
Rises	827	823	989
Falls	744	754	600
Unchanged	511	508	461
New Highs	73	81	95
New Lows	14	13	4

CANADA

TORONTO	July 17	July 10	July 10	July 12	1991 HIGH	1991 LOW
Metals & Minerals	3251.53	3268.08	3219.27	3210.40	3284.18 (5/3)	2632.06 (9/1)
Composite	3541.83	3535.45	3526.90	3516.34	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1887.57	1886.42	1879.82	1873.61	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	July 18	July 17	July 10	July 15	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1540.7	1542.2	1541.2	1539.2	1558.3 (29/4)	1204.5 (16/1)
All Mining (1/1/80)	685.0	684.6	683.6	682.1	690.0 (10/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	494.93	488.77	492.59	492.38	534.81 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1140.14	1143.31	1146.47	1146.82	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	379.85	379.46	380.01	379.74	380.01 (16/7)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	977.0	976.5	978.6	975.8	1186.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	465.61	465.13	467.36	466.52	494.95 (12/6)	394.88 (15/1)
CAC 40 (31/12/87)	1757.54	1758.11	1755.51	1759.77	1874.81 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	677.90	680.45	687.24	688.05	717.43 (17/6)	578.48 (15/1)
Commerzbank (1/12/53)	1910.80	1916.60	1936.8	1938.8	2055.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1618.38	1625.51	1643.85	1646.57	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3976.83	3962.46	3997.67	3945.12	3997.67 (16/7)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1367.62	1367.34	1370.11	1352.74	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	558.02	551.11	559.90	564.28	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	22908.71	23060.70	23375.15	23459.84	27146.91 (18/3)	22176.37 (8/7)
Tokyo SE (Topix) (4/1/68)	1795.37	1804.32	1822.70	1829.66	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	3101.53	3126.82	3145.45	3144.53	3423.45 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	589.54	586.42	595.28	594.25	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	279.9	279.8	280.0	278.5	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	199.4	199.4	199.5	198.5	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	761.76	763.04	770.63	772.56	792.13 (4/6)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	983.50	978.39	993.22	993.91	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	392.04	392.32	394.95	395.18	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1423.0	1380.0	1371.0	1385.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4036.0	4012.0	3996.0	3976.0	4036.0 (10/7)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	651.27	(c)	636.14	635.21	697.62 (4/1)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	266.11	269.19	270.80	267.36	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1137.20	1140.40	1147.90	1144.8	1149.8 (11/7)	888.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	763.0	764.7	767.2	765.3	767.2 (16/7)	590.4 (14/1)
SBC General (1/4/87)	635.3	633.2	633.2	631.3	638.0 (30/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	5229.99	5225.76	5173.75	5283.19	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	652.54	654.45	677.44	677.83	908.13 (19/4)	[illegible]
WORLD						
M.S. Capital Intl.(1/1/70) (S)	495.8*	494.8	496.8	497.3	529.2 (17/4)	[illegible]

**Saturday July 13: Taiwan Weighted Price: 5412.23 Korea Comp Ex. 636.50.
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday 18 July 1991

	Stocks Traded	Closing Prices	Change on day
Hitachi Zosen	6.8	597	-8
Kitano Const.	6.4	2,230	-80
Clarion	5.1	1,080	-20
Nihon Nohyaku	4.9	1,900	0
Takuma	4.7	1,220	+50
Mitsubishi Heavy	3.4	685	-14
NTN	3.2	893	+9
Japan Airlines	3.2	1,150	-50
Akai Electric	3.1	1,210	-30
Hitachi	2.0	1,110	0

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

3:15 pm prices July 18

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	9¼	AAR Corp	0.48	0.03	18	470	15⅝	15½	15⅝	+½
18¾	14½	A L Labs A	0.16	0.01	20	362	18	18⅞	18	+1¼
55½	40⅞	AMP Inc	1.44	0.03	20	1330	54¾	52¾	54½	+1⅝
59⅞	44¼	AMR				185960	62¼	61⅝	62¼	+⅝
2⅜	1¼	ARX			1	127	1½	1¼	1½	
56	41½	ASA	3.50	0.02	15	634	54⅛	23¾	53¾	-¼
54	28¼	Abbott Lab x	1.00	0.02	21	5246	52⅛	00⅞	52	+¼
14½	9⅞	Abitibi Pr x	0.50	0.04	36	13	13⅞	13¾	13⅞	
11⅝	10⅜	ACM Gvt In x	1.26	0.11		284	11¼	11⅛	11¼	+⅛
8¼	8¼	ACM GvOpp x	1.01	0.11		58	9¼	0½	0¼	+⅛
9¾	9¼	ACM Gvt Sp	1.01	0.11		623	8	8⅞	8⅞	
11	9⅜	ACM Gvt Se	1.20	0.12		518	10⅞	10¾	10¾	
8⅞	7½	ACM Man x	1.01	0.12		193	u8⅛	8¼	8¼	+⅛
12⅞	11½	ACM Managd x	1.35	0.11		433	12⅛	12	12⅛	
7½	4¾	Acme Cleve	2.40	0.06	15	47	6¾	6⅛	6⅝	
5	3½	Acme Elect			66	28	4	3⅞	3⅞	
40	22¼	Acuson			25	307	33⅞	33	33⅞	+⅛
18½	14¼	Adams Expr	0.48	0.03	0	47	18⅛	18¼	18⅛	+⅛
20¼	19	Adobe12Pf x	2.46	0.13		72	18	17⅞	18	-⅞
9¼	6⅛	Adobe Res			22	127	7½	7¼	7½	+¼
38⅛	15	Ad Micro				28	34⅛	34¼	34⅞	
14¼	4½	Ad Micro P	3.00	0.26	12	4702	11⅞	11⅞	11⅛	
6½	2¼	Advest Grp	0.18	0.04	5	10	4⅛	4⅜	4⅜	
49⅛	33⅞	Aetna Li	2.76	0.06	8	1625	42¼	41¾	41⅞	-¼
10⅞	6⅜	Affil A	0.24	0.02	25	228	8	6⅞	8⅞	-½
20¼	12	Ahmanson	0.88	0.06	10	3844	18	17⅛	18	+½
12⅛	2⅞	Aileen Inc			15	111	11¼	11⅛	11⅛	+¼
74⅛	51⅞	Air Pr Chm	1.44	0.00	15	468	67¼	36½	67¼	+⅛
26⅝	16⅛	Airbne Frt	0.30	0.01	15	216	20¼	25⅞	68	+⅛
15⅞	12½	Airgas Inc			70	8	14⅞	14⅞	14⅞	-¼
15¼	10	Airlease	2.29	0.19	6	16	12½	12¼	12¼	-¼

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, and not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices July 18

NASDAQ NATIONAL MARKET

3:15 pm prices July 18

AMERICA

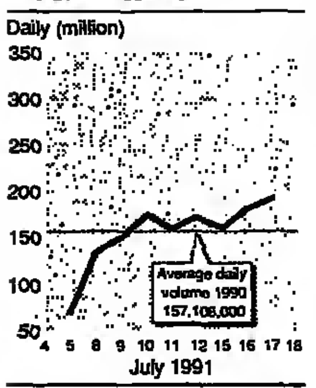
Stream of good interim results gives Dow a lift

Wall Street

AFTER three days of little movement, shares rose yesterday morning as a stream of encouraging second-quarter earnings reports attracted buyers back into the market, *writes Patrick Harverson in New York.*

By 1 pm, the Dow Jones Industrial Average was up 24.15 at 3,002.91. The more broadly based Standard & Poor's 500 was equally firm, up 2.84 at 384.02, while the Nasdaq composite of over-the-counter stocks gained 2.24 to 495.66.

NYSE volume



Turnover on the New York SE was a heavy 122m shares by 1 pm.

The market had approached the second-quarter reporting season with some apprehension. Yet many of the nastier surprises had been flagged in advance, and a sprinkling of better-than-expected results from a broad section of companies over the past two weeks persuaded investors to buy selected stocks.

One of the day's best results came from AT&T, which rose $1½ to $39½ on volume of 2.5m shares. The telecommunications giant reported second-quarter profits of 75 cents a share, up from 60 cents a share a year ago, and forecast continued strong earnings during the second half of the year.

NCR, the computer group which was acquired earlier this year by AT&T, rose $1 to $108⅝ in sympathy.

Energy stocks were boosted by rising oil prices. Texaco put on $⅝ to $66¼, British Petroleum gained $⅝ to $71⅛, Occidental firmed $¼ to $23, Atlantic Richfield jumped $3⅞ to $124½ and Royal Dutch Petroleum added $1⅛ to $81¾.

BankAmerica rose $⅜ to $37 after producing a solid set of quarterly earnings. Two other California banks were also higher in spite of announcing disappointing profits earlier in the week: Security Pacific rose $⅞ to $23⅝ and Wells Fargo rose $1¾ to $73¾.

A glowing recommendation from Kidder Peabody in the wake of healthy quarterly profits lifted Blockbuster $⅜ to $10¾ on 3.6m shares.

Among over-the-counter issues Apple, which reported poor second quarter earnings, rose $2 to $44½ on volume of 2.5m shares as bargain buyers mopped up after the stock's recent declines. Other big technology stocks were also higher, with Microsoft up $1¼ at $69, Intel $1¼ firmer at $45½ and Sun Microsystems $1¾ better at $29¼.

Healthsource plummeted $4¼ to $19½ after the company forecast second-quarter profits of between 34 cents a share and 38 cents a share, which would put earnings well below analysts' forecasts.

Canada

MODERATE trading left Toronto stocks slightly higher by midday yesterday. The composite index gained 15.47 to 3,557.30 on volume of 12.6m shares. Advances led declines by 212 to 171, with 239 stocks unchanged.

The transportation index led the way, rising 37.57 to 6,017.96. Gold and silver also rose, with the sectoral index up 30.02 at 5,548.88, and oil and gas added 26.78 to 3,759.

Among the most active stocks, Canadian Pacific gained C$⅛ to C$20 as more than 640,000 shares changed hands. Analysts said they expected the company to squeeze out a small profit in the second quarter.

EUROPE

Takeover speculation adds more froth to Heineken

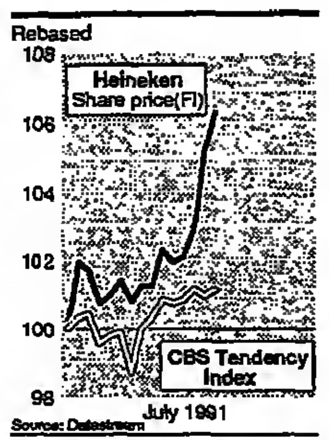
BOURSES focused on domestic matters yesterday, *writes Our Markets Staff.*

AMSTERDAM focused on Heineken which added Fl 1.80 to Fl 156.90 on takeover speculation. The CBS tendency index finished 0.2 up at 93.9, in spite of a weaker dollar, in volume of Fl 498m.

Analysts were sceptical about stories that the Heineken family would sell its controlling interest in the brewing group and added that even if this happened the bidder would not be obliged to buy the outstanding minority. Heineken was on several brokers' sell lists, as a result of losing its leadership in Spain due to the cooperation between Guinness and Carlsberg, and losses at its Spanish subsidiary, El Aguila.

The dredging sector came in for some profit-taking. Boskalis fell 50 cents to Fl 22 while HBG eased Fl 6.20 to Fl 232.

FRANKFURT measured its inflation worries by a rise in the average bond yield from 8.77 to 8.80 per cent, its highest since August 3 last year. Equities drifted lower, the DAX index closing 7.18 down at 1,618.33 after a 2.49 fall to 677.96 in the FAZ at midsession. Volume eased from DM4.3bn to DM4.2bn.



Source: Datastream

Sentiment was also affected by news that the Frankfurt chief prosecutor had expanded his investigation linking insider trading and tax evasion in Frankfurt to at least 25 people from only four a month ago.

AMB, the insurance holding company, rose DM25 to DM905, up DM40 in the last three days compared to a DM70 fall in Allianz to DM2,150. Mr Walter Heinemann at Merck Finck in Munich said that reports that the French group AGF wanted to increase its AMB holding had fanned speculation of a hostile bid.

Hochtief, the construction group, fell DM46 to DM1,342 in turnover up from DM6m to DM16.8m though there were no specific reasons. In engineering, KHD fell DM6 to DM174. Mr Michael Geiger of County NatWest said this week's annual meeting was not encouraging, and there was no sign that the company would resume dividend payments, after an absence since 1986.

MADRID fell sharply after an increase in Treasury bill yields. The general index lost 2.82 or 1 per cent to 266.11.

Fears that interest rate cuts were not imminent were confirmed by Mr Carlos Solchaga, the finance minister. He said that the interest rate policy would remain tight following the collapse of wage talks with trade unions.

MILAN recovered after Wednesday's lower start to the new account, which had been depressed by one-third of the stocks going ex dividend. The Comit index added 6.91 to 558.02 in volume estimated at near Wednesday's L101bn.

Dealers said the Comit had chart support around 550 but that this would not hold if the market's lethargy continued. They complained that the government's piecemeal privatisation did little to inspire confidence since the lack of logical progression was taken as a sign that the government was under pressure.

The lack of buying interest contributed to the uninspiring debut of Elsag Bailey, the state-controlled electronics company. The stock officially closed at L4,520 which, together with its warrant at L84, was L16 below the offer price of L4,620.

PARIS recouped an early loss to close little changed. The CAC 40 index ended 0.57 down at 1,757.54, after a day's low of 1,746.72, in turnover of FFr1.7bn after FFr1.9bn.

Axa Midi, the insurer, was suspended until today, for the announcement that it was investing $1bn in Equitable Life of the US. Axa said its stake would be between 40 and 49 per cent when Equitable was transformed from a mutual life assurance group to a publicly held company.

BNP dropped FFr4.50 to FFr268.50 on reports that it would take a stake of about 10 per cent in Air France.

Elf Aquitaine recovered FFr9.90 or 2.9 per cent to FFr349.90 on heavy volume of 376,300 shares. BP France, which lost FFr8.90 on Wednesday, regained FFr5 or 4.5 per cent to FFr115.

STOCKHOLM had the debut of Incentive shares, which holds Asea's operations outside ABB Asea Brown Boveri. Incentive free B-shares fell back from a day's high of SKr200 to SKr185 as doubts over American ownership prompted international selling. Analysts had valued Incentive shares at around SKr200. The Affärsvärlden General index fell 3.2 to 1,137.2 in turnover of SKr410m after SKr212m.

ZURICH reported buying interest in banking and insurance as the Crédit Suisse index firmed rose 2.1 to 546.4 on news that the Swiss Federal Finance Ministry is mulling new proposals to eliminate stamp duty on securities transactions.

Winterthur put on SFr110 to SFr3,750. Union Bank rose SFr40 to SFr3,670 while CS Holding, parent of Crédit Suisse, rose SFr35 to SFr1,995.

OSLO's all-share index edging 1.32 lower to 500.79 on turnover down from NKr204m to NKr160m. Aker dropped NKr1.5 to NKr68 on concern over its cement division.

FT-SE Eurotrack 100 - Jul 18

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1105.36	1104.21	1104.68	1104.77	1104.64	1105.50	1106.38	1106.24

Day's High 1107.07 Day's Low 1102.32

Jul 17	Jul 16	Jul 15	Jul 12	Jul 11
1104.80	1110.41	1111.59	1107.36	1109.88

Base value 1000 (26/10/90)

ASIA PACIFIC

Rumour mill drops Nikkei below 23,000 support level

Tokyo

NEGATIVE rumours hurt share prices yesterday morning, but a late bout of arbitrage-related buying helped the Nikkei average to recoup part of its losses, *writes Emiko Terazono in Tokyo.*

The Nikkei fell below the 23,000 support level for the first time in five trading days, closing 151.99 down at 22,908.71. It had opened at the day's high of 23,045.10 and hit a low of 22,659.89 in the afternoon.

Volume remained thin at 230m shares, up from 220m. Losses outnumbered gains by 712 to 211, with 179 issues unchanged. The Topix index of all first-section stocks fell 8.95 to 1,795.37, and in London trading the ISE/Nikkei 50 index declined 3.39 to 1,368.47.

Reports that the finance ministry had started investigations into the Big Four brokerages – Nomura, Daiwa, Nikko and Yamaichi – prompted a fall in futures, dragging down cash prices. Rumours that tax authorities might start investigating second-tier securities companies depressed sentiment further.

Traders said that the market was jittery. "There's nothing positive to balance the bad news," said Ms Caroline Stone at Barclays de Zoete Wedd.

Speculative issues fell on the prospect of stricter margin rules. Kitano Construction fell Y80 to Y2,230 and Akai Electric lost Y50 to Y1,210.

Ishikawajima-Harima Heavy Industries closed unchanged at Y613 after hitting a year's low of Y600. Concerns over its deposits with BCCI have recently depressed the stock.

On the positive front, Nippon Ceramic, a ceramic-based sensor maker, fell Y10 to Y8,790 after rising on small-lot buying. Investors looking for quick profits had been encouraged by the company's forecast of a 60 per cent rise in earnings following brisk sales of its anti-theft, infra-red sensors.

Mabuchi Motors, a motor maker, rose Y120 to Y6,670 after recommendations by leading Japanese brokers, optimistic about its export prospects in south-east Asia.

In Osaka, the OSE average fell 269.90 to 25,856.90 on volums of 14.2m shares, down from 18.3m. Nippon Shinyaku, a small pharmaceutical company, rose Y20 to Y1,220.

Roundup

AFTER EARLIER excitement this week in Hong Kong and Thailand, it was left to South Korea and New Zealand to make the running yesterday.

SEOUL came back from a day's holiday and trade reached Won416.3bn, three times the June average, as the composite stock index rose 15.13, or 2.3 per cent, to 651.27. The index has risen 48.44, or 8 per cent, since July 2.

Financial shares led yesterday's gains, followed by manufacturing blue chips. The South Korean government said later that it would maintain some limits on foreign investment when the local capital market is opened to direct foreign investment early next year.

NEW ZEALAND stayed open for 13½ hours on the first day of trading in NZ Telecom, which dominated dealings. The session began at 1 am, to tie in with the opening of trading in Telecom in New York, where the stock is also listed.

The NZSE-40 index shed 4.61 to 1,481.11; Telecom will be included in the index from today. Yesterday Telecom closed at NZ$2.35, compared with an issue price of NZ$2. It accounted for NZ$187m of the total record turnover of NZ$199m, up from NZ$14m.

HONG KONG rebounded after Wednesday's bullish land auction results and on the local banking system's stability in spite of rumoured bank runs on Tuesday. The Hang Seng index rose 14.37 to 3,976.83, while turnover fell from HK$2.62bn to HK$1.84bn.

There were rumours that the Hongkong Bank would sell a 10 per cent stake in its Hang Seng Bank subsidiary to Citic, Beijing's overseas investment arm. Hang Seng Bank rose 50 cents to HK$31.25 and HSBC Holdings, the holding company for Hongkong Bank, gained 20 cents to HK$27.80.

BANGKOK recouped early losses to close flat, after the previous day's sharp fall. The SET index ended 1.91 down at 652.54 on thin turnover of Bt1.98bn. Tanayong, the large-capital property company, plunged by the 10 per cent limit, falling Bt36 to Bt336. It goes ex rights on Tuesday.

MANILA closed lower on worries about the national strike. A new treaty on the US military bases had lifted the market earlier in the day. The composite index finished 5.11 higher at 988.50 as turnover grew to 129m pesos from 78m.

SINGAPORE's blue chips lost ground as the Straits Times Industrial index closed 7.64 lower at 1,447.35.

Turnover rose from S$89.6m to S$76.6m on a report that development costs of NatSteel's Raffles Marina project had increased to S$100m from an initial estimate of S$31m. Shares dropped 23 cents to S$4.82.

KUALA LUMPUR produced a modest rebound as bargain hunters picked out shares hit in the recent slide. The KLSE composite index rose 3.12 to 589.54 while industrials climbed 14.89 to 1,116.90.

SOUTH AFRICA

JOHANNESBURG closed at a record high. The all-share index rose through its July 10 peak of 3,508 to 3,517, up 39, and the industrial index returned to its July 10 record of 4,036, up 24. The all-gold index closed at 1,423, up 43.

German turnover rise lags behind rally

William Cochrane reviews European trading activity in June

MORE OFTEN than not it takes time for a rise in share prices to be reflected in institutional equity market activity, domestic or foreign-inspired.

This seems to have been the case with Germany over the past two months. Frankfurt's blue-chip DAX index was strong in the second half of May and in the first two weeks of June, after influential voices called it the cheapest senior bourse in Europe.

Daily turnover on all German equity markets peaked at DM11.4bn on May 22, as share prices ran up; but the aggregate of the trading figures for the month was affected by the incidence of public holidays, general nervousness early in May, and the impending resignation of the Bundesbank president, Mr Karl Otto Pöhl.

It was June before Germany saw consistently high levels of trading. Active foreign buying helped take the June total up by 18 per cent from the May level, and clear of a four-month plateau around DM120bn.

However, it bears saying that things changed again in mid-June, as German share prices prepared to follow the rest of Europe down. An average daily turnover of DM6bn in the final fortnight replaced the DM8bn a day enjoyed earlier in the month.

Mr James Cornish of County NatWest, which compiles the figures, notes that June's figure was the highest since last August. However, he adds that it falls far short of an DM200bn average for the first quarter of 1990; and that July is beginning to see daily figures far lower than either.

For most European stock markets, June was a depressing month at the end of an uninspiring second quarter. In that context it is interesting that France recorded the highest turnover since May 1990.

In a nutshell, Mr Cornish says, trading activity peaked at the end of the quarter on a falling market. The CAC 40 index slid from a 1991 high of 1,874.81 on June 11 to 1,747.62 by the end of the month.

This activity at the end of the quarter, he notes, applied also in March and last December, and there is a suspicion that window-dressing by investment funds had something to do with the phenomenon.

Italy had its moments, rising for the second consecutive month. This incorporated a stockbrokers' strike on June 10, a flurry of trading in mid-month as one account closed and another opened, and a sharp sell-off on and after June 20, followed by a slump in activity after news emerged that the government planned to force companies to revalue their assets for tax purposes.

The Netherlands, Spain and the UK all registered declines. The UK performance was particularly disappointing as a lift was expected after the Scottish Power issue and the purchase by LVMH of France of a Guinness stake.

Dutch equities had an excellent first quarter, volume more than doubling from December to March. However, the attractions of a rising dollar were replaced by worries about weakness in the D-Mark, and its implications for Dutch interest rates.

EUROPEAN EQUITIES TURNOVER
Monthly total in local currencies (bn)

Bourse	Mar 1991	Apr 1991	May 1991	Jun 1991	US $bn
Belgium	45.48	45.46	39.22	40.69	1.09
France	110.40	110.00	88.85	115.82	18.84
Germany	122.90	126.80	120.90	142.40	78.46
Italy	15,060.00	12,316.00	13,652.00	14,744.00	10.93
Netherlands	15.30	14.20	12.30	10.41	5.10
Spain	803.60	651.51	716.00	638.12	6.67
Switzerland	13.88	14.60	12.30	12.50	8.02
UK	36.76	31.61	26.36	26.70	43.27

Volumes represent purchases and sales.
Italian data adjusted to include off-market trading. Some figures may be revised.
Source: County NatWest WoodMac.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JULY 17 1991								TUESDAY JULY 16 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	144.85	+0.0	129.96	125.21	134.73	124.14	+0.0	5.18	144.79	130.45	125.48	135.42	124.13	147.30	112.74	151.91
Austria (20)	177.54	−0.5	159.29	153.48	165.14	166.38	−0.8	1.67	178.36	160.70	154.58	166.82	166.67	222.37	167.00	275.70
Belgium (49)	126.22	+0.0	113.25	109.10	117.40	114.55	−0.5	5.15	126.20	113.71	109.36	118.03	115.15	151.20	121.73	153.02
Canada (115)	140.53	+0.4	126.08	121.47	130.70	118.67	+0.4	3.33	139.97	126.11	121.29	130.90	116.20	142.27	126.49	140.62
Denmark (37)	249.46	+0.0	223.83	215.66	232.04	234.97	−0.3	1.50	249.59	224.88	216.31	233.44	235.76	270.56	217.74	269.39
Finland (16)	94.35	+0.3	84.54	81.56	87.75	85.49	+0.3	2.82	94.08	84.77	81.54	88.00	85.23	125.15	90.00	134.03
France (113)	126.77	+0.6	113.73	109.57	117.90	120.75	+0.1	3.70	126.01	113.53	109.20	117.85	120.67	152.26	120.60	161.74
Germany (65)	105.24	−0.5	94.42	90.99	97.88	97.88	−1.0	2.29	105.72	95.25	91.63	98.88	98.88	125.35	102.03	141.96
Hong Kong (55)	165.58	−1.1	148.56	143.13	154.01	165.12	−1.0	4.18	167.41	150.84	145.08	156.59	166.74	167.41	119.62	145.71
Ireland (18)	143.81	−0.4	129.03	124.32	133.76	135.68	−0.8	3.77	144.32	130.04	125.08	134.98	136.53	182.46	132.88	187.40
Italy (77)	69.69	−1.7	62.70	60.41	65.00	69.60	−2.1	3.36	71.09	64.05	61.60	66.48	71.11	88.23	69.69	107.62
Japan (474)	128.55	−0.8	115.34	111.12	118.58	111.12	−1.1	0.76	129.59	116.76	112.30	121.22	112.30	146.97	118.35	155.35
Malaysia (68)	221.34	−1.6	198.58	191.32	205.86	237.32	−1.8	2.78	224.99	202.72	194.98	210.43	241.07	247.78	192.83	248.91
Mexico (16)	1124.85	−1.2	1009.19	972.34	1046.22	3708.62	−1.2	1.48	1138.61	1025.89	986.76	1064.94	3754.00	1138.61	534.45	532.24
Netherland (31)	134.78	+0.6	120.92	116.51	125.36	123.98	−0.1	4.32	134.10	120.82	116.21	125.43	124.03	145.73	125.70	145.80
New Zealand (13)	48.66	+0.6	43.65	42.08	45.26	45.58	+0.3	7.68	48.28	43.50	41.84	45.18	45.43	54.64	41.18	70.60
Norway (32)	191.54	−0.6	171.85	165.58	178.16	181.40	−1.0	1.62	192.77	173.69	167.07	180.31	183.29	223.24	182.24	249.17
Singapore (38)	190.84	−0.5	171.22	164.97	177.50	154.06	−0.5	2.22	191.83	172.84	166.25	179.41	154.83	208.25	151.63	209.19
South Africa (61)	252.51	−0.1	226.55	218.27	234.85	174.94	+0.5	3.13	252.82	227.79	219.10	236.45	174.05	255.76	173.00	178.14
Spain (55)	143.18	−0.3	128.46	123.77	133.17	121.75	−0.8	4.40	143.60	129.38	124.45	134.31	122.55	171.12	131.51	179.21
Sweden (26)	190.70	−0.6	171.09	164.86	177.37	182.93	−0.8	2.47	191.82	172.83	166.24	179.41	184.58	204.12	146.60	230.17
Switzerland (56)	91.22	+0.6	81.84	78.86	84.86	87.86	+0.1	2.16	90.64	81.67	78.56	84.78	87.75	100.87	82.17	106.82
United Kingdom (240)	168.55	+0.6	161.22	145.68	156.75	151.22	+0.2	4.85	167.51	150.93	145.16	156.66	150.93	187.44	156.27	176.18
USA (526)	154.34	−0.1	138.47	133.42	143.56	154.34	−0.1	3.13	154.45	139.16	133.86	144.46	154.45	158.24	125.95	147.02
Europe (837)	133.17	+0.2	119.47	115.11	123.86	122.17	−0.2	3.91	132.88	116.72	115.18	124.29	122.48	151.52	125.50	156.66
Nordic (111)	184.30	−0.3	165.35	159.31	171.41	168.38	−0.6	1.95	184.91	166.60	160.25	172.94	169.44	200.81	155.55	216.78
Pacific Basin (717)	129.93	−0.8	116.57	112.32	120.85	112.89	−1.0	1.11	130.95	117.99	113.49	122.48	114.03	145.92	117.86	154.75
Euro–Pacific (1554)	131.54	−0.4	118.02	113.70	122.34	117.36	−0.7	2.24	132.05	118.97	114.43	123.50	118.19	147.66	121.29	155.94
North America (641)	153.40	+0.0	137.63	132.62	142.70	161.81	+0.0	3.14	153.47	138.27	133.02	143.56	151.87	157.04	125.91	146.53
Europe Ex. UK (597)	112.11	−0.1	100.58	96.93	104.30	105.41	−0.8	3.20	112.21	101.10	97.26	104.97	106.03	129.80	106.85	143.46
Pacific Ex. Japan (243)	143.56	−0.6	128.80	124.12	133.54	128.52	−0.8	4.37	144.41	130.11	125.17	135.06	129.24	145.66	111.40	146.72
World Ex. US (1746)	133.72	−0.4	119.97	115.60	124.38	118.86	−0.6	2.29	134.18	120.91	116.30	125.51	119.61	148.16	122.32	155.86
World Ex. UK (2032)	136.91	−0.3	122.83	118.35	127.35	127.82	−0.5	2.34	137.38	123.78	118.07	128.51	128.46	145.77	120.06	149.19
World Ex. So. Af. (2211)	138.92	−0.2	124.63	120.09	129.22	129.64	−0.4	2.59	139.27	125.48	120.70	130.27	130.21	148.65	122.92	151.42
World Ex. Japan (1798)	148.89	+0.0	131.79	126.99	136.64	140.38	−0.1	3.46	146.88	132.33	127.30	137.38	140.58	152.83	126.69	151.13
The World Index (2272)	139.67	−0.2	125.31	120.74	129.92	130.03	−0.4	2.60	140.02	126.16	121.35	130.97	130.59	149.01	123.28	151.58

Constituent changes with effect 19/7/91: Additions: Incentive (Sweden) and Telecom Corp of N.Z. (New Zealand).
Latest prices were unavailable for this edition.

RECRUITMENT

JOBS: 10-year low in demand for executives still leaves room for hope of early recovery

Now's not the time for singing the Blues

BEFORE steeling itself to write what follows the Jobs column dusted off its ancient gramophone and played two 78 rpm jazz records. The toss of a coin decided which came first: Bessie Smith's *Down in the dumps*. Second was Louis Armstrong's *On the sunny side of the street*.

The purpose of the exercise was to put me in a balanced frame of mind to tackle today's main topic: to wit, the state of advertised demand for executives in the United Kingdom mid-way through 1991, and the outlook for the months ahead.

A summary of the position to date is given by the table alongside, compiled as usual from the MSL International consultancy's three-monthly counts of job-openings for managers and upper-ranked specialists which are offered through UK national journals. Each opening is recorded as one no matter how many times it is advertised.

The figures are definitely of the Bessie Smith party, as may be seen from the quarterly counts – in which all types of executive jobs are lumped together – appearing at the bottom of the table under the 12-monthly total.

Indeed the latest January-March and April-June results represent the worst first half of a year the consultancy has recorded in the 32¼ years it has been keeping its tally. Moreover the plunge that has brought the market to its most recent quarterly low-point of 4,235 jobs, has been continuing since October 1988.

The case for singing the blues is reinforced by the upper part of the table, which gives the 12-monthly counts to June 30 for eight broad types of executive work. Every one of them shows a double-digit percentage drop from its 1989-90 tally, and general management alone has got away with a fall of less than 20 per cent. The total, a third down on the previous 12 months, is not much more than half the overall figure for 1987-88.

So how about the outlook?

Well, MSL's market-watcher Andrew Russell says that, with the perennially demand-thinning summer-holiday and Christmas periods to come, "I can't see how the market can avoid plummeting to depths it has never reached before."

Which effectively means he's expecting Prime Minister John Major's first calendar year in office to end with a quarterly tally under 4,000 – something not achieved in his predecessor's toughest times. The lowest two counts so far on record were both in the last half of 1980: 4,133 in the July-September, and 4,077 in the final three months.

Nevertheless, even though Mr Russell is accompanying Bessie Smith, the Jobs column is inclined to look on the sunny side. There are various hints in the air, albeit no more than that, which suggest the market will turn up soon.

For instance, one of the market-watcher's grounds for pessimism is that, after producing the lowest recorded first quarter's demand, 1991 has gone on to do still worse in the second three months. But the fact is that there is almost alwaya a fall between January-March and April-June. What's more the drop this time, at 7.4 per cent, is less than the average over the past 11 years of 8.9 per cent.

Another pretext for singing along with Satchmo is that the latest 12 months to June 30, however bad, is a good deal better than the corresponding period in 1980-81. Then the total was only 17,606, whereas this time it is 15 per cent higher at 20,256.

Hence, for every 1,000 jobs a decade ago, there are now 1,150. And the following table shows which types of jobs account for the difference between the two figures.

Type of job	*1980-1981*	*1990-1991*	*Change + or –*
R & D	138	138	same
Sales	192	138	– 54
Pdcin	149	207	+ 58
Acctg	212	213	+ 1
Cmptg	70	80	+ 10
G.M.	41	63	+ 22
Pers	29	31	+ 2
Others	169	280	+111
Total	1,000	1,150	+150

As may be seen, the net increase over the decade of 150 jobs per 1,000 hides a loss of 54 posts in sales and marketing. Hence the other seven categories in combination have produced gains of 204 per 1,000.

When it is remembered that the dumps of 1980-81 swiftly gave way to recovery, there are surely some hopeful signs in the comparison. For one thing, the drop in sales and marketing has been outweighed by higher recruitment in production.

A more enigmatic development, however, is that the greatest increase between the two years is in the "others" category which lumps together specialists such as buyers, economists, company legal staff and assorted consultants. Andrew Russell has not yet had time to work out which sorts of same are most sought-after.

Even so, some of the increase no doubt lies in growing demand for so-called European liaison officers, especially by Britain's public-sector. Their prime task, I'm told, is to sift through the constant documentary outpourings from Brussels, locating pockets of European Community money that come up for grabs through its social or regional development funds or whatever.

While that is hardly an ideal way to relate to our Continental partners, at least it's expedient. After all, if you can't beat them, why not milk 'em?

Michael Dixon

UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALIST STAFF
(12 months to June 30)

Type of work	1990-91 Posts advertised	1990-91 Change from 88-89 %	1989-90 Posts advertised	1989-90 Change from 88-89 %	1988-89 Posts advertised	1988-89 Change from 87-88 %	1987-88 Posts advertised	1987-88 Change from 86-87 %	1986-87 Posts advertised	1986-87 Change from 85-86 %
Research & devlpmt	2,429	−33.9	3,673	−14.9	4,317	+14.6	3,768	+20.0	3,139	−38.2
Sales & marketing	2,436	−21.4	3,101	−34.1	4,706	−26.5	6,402	+ 3.8	6,165	− 0.2
Production	3,644	−37.0	5,781	−11.6	6,537	− 9.4	7,216	+46.9	4,913	−12.9
Accounting	3,752	−40.4	6,295	−14.7	7,377	− 7.1	7,942	+14.2	6,954	+ 9.3
Computing	1,408	−49.8	2,805	−36.1	4,393	+ 2.9	4,270	+21.3	3,519	−10.0
General management	1,115	−14.8	1,305	−10.4	1,457	−16.5	1,744	+22.2	1,427	+12.6
Personnel	538	−41.8	925	−24.1	1,218	+14.5	1,064	+ 2.1	1,042	+17.5
Others	4,934	−25.7	6,638	−21.6	8,472	+22.2	6,932	+13.3	6,118	+ 6.3
Total	20,256	−33.6	30,523	−20.7	38,477	− 2.2	39,338	+18.2	33,277	− 5.1
July-Sept	6,131	−22.0	7,858	−15.8	9,338	+12.9	8,274	+ 8.0	7,664	−19.4
Oct-Dec.	5,318	−19.8	6,627	−26.6	9,048	− 2.2	9,248	+17.6	7,850	− 8.7
Jan-March	4,572	−45.6	8,397	−23.1	10,915	− 2.7	11,223	+22.4	9,166	+ 4.1
April-June	4,235	−44.6	7,641	−16.7	9,176	−13.4	10,593	+23.2	8,597	+ 5.2

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Candidates aged late 20's or early 30's will be graduates having some 4-5 years experience in a leading financial *institution. Of considerable* importance is exposure to a wide range of corporate finance origination business with a strong debt background, especially with French and Belgian clients. Fluency in French is essential along with strong verbal and written skills in English. This challenging role will appeal to candidates who are self confident, assertive and who welcome taking on responsibility.

The excellent remuneration package includes bonus, car, mortgage subsidy, non-contributory pension, medical and life insurance.

Please reply in confidence to James Walmsley, Bull Thompson & Associates Ltd, Alliance House, 63 St Martin's Lane, London WC2N 4JX, quoting reference 2032.

Bull Thompson

CORPORATE AND RECRUITMENT CONSULTANTS

JAPANESE INDEX OPTIONS/ FUTURES SALES **£Substantial**

On behalf of a major international institution we are currently seeking a Senior Derivatives Salesperson to cover the Japanese indexes. The role will entail selling a range of products to a UK and European client base. The ideal candidate should have an excellent academic background together with at least 3 years sales experience. Preferable age 25-32 yrs.

Please contact Tim Sheffield on 071-623 1266.

SWAPS MARKETING **c£50,000 + Benefits**

Major bank requires sophisticated marketer for interbank swaps marketing role. Continental European second language an advantage. If you are a numerate graduate currently performing similar or related role within medium/major bank....

Please contact Ron Bradley on 071-623 1266.

DM/CABLE TRADERS **£Excellent**

Market leader in FX interbank market seeks first class spot traders to join highly rated dealing team. Four years experience trading $/DM, £/DM or cable at major UK/International bank essential. Excellent base salary plus bonus negotiable. Preferred age range 25 to 32 years. Other FX, MM and off-balance sheet traders also sought.

Please contact Jan Perrin on 071-623 1266.

SWAPS/OPTIONS SUPPORT MANAGER **c£35,000 + Benefits**

Major bank requires experienced manager to supervise small team on swaps/options desk. You must have minimum 4/5 years experience with: movement of funds, rate fixings, position keeping, exposure/risk reporting, and counterparty documentation.

Please contact Ron Bradley on 071-623 1266.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP
Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

Derivatives Specialists

Outstanding opportunities to help shape a fast developing financial and derivatives market.

South Africa

Based in Johannesburg, our client is one of South Africa's leading Merchant Banks and has already established a reputation for innovation and creativity.

In order to capitalise on progress to date, we are looking for the following specialists to enhance the trading and new product capacity of the Bank:

Interest Rate Derivative Specialist

Ideal candidates, certainly of degree level intellect, will probably be in their late twenties/early thirties and be fully conversant with a broad range of products including Swaps, FRAs, Futures and Options. Three years' experience is seen as the likely minimum.

In addition to the technical skills, however, we will require proven trading experience as a principal risk taker. Ref: A4060

Equity Derivative Specialist

Similar creative and developmental qualities are required of this post. Mid/late twenties is seen as the likely age group and candidates *should have a full appreciation of the relevant instrument relationships* as well as trading experience – as a principal risk holder. Ref: A4070

Currency Options Specialist

Around two years' trading experience, again as a principal, is required. A clear understanding of the intricacies of options derivation is mandatory. Ref: A4080

These are all superb career opportunities designed to provide professional satisfaction in an organisation committed to expansion, in a country which can offer a very pleasant lifestyle. In each case the salary/benefits package will be tailored to meet the needs of the successful candidate.

Senior executives will be in London at the end of July for shortlist interviews so we would especially welcome applications by telephone on 071-287 7007 during the working day or 0323 485580 in the evenings or at weekends. Please quote the relevant reference number to Malcolm Lawson, at Codd Johnson Harris, Human Resource Consultants, 12 New Burlington Street, London W1X 1FF. Fax on 071-287 2391.

CJH Codd · Johnson · Harris

ASA International

SCOTTISH WIDOWS

Pension Fund Marketing

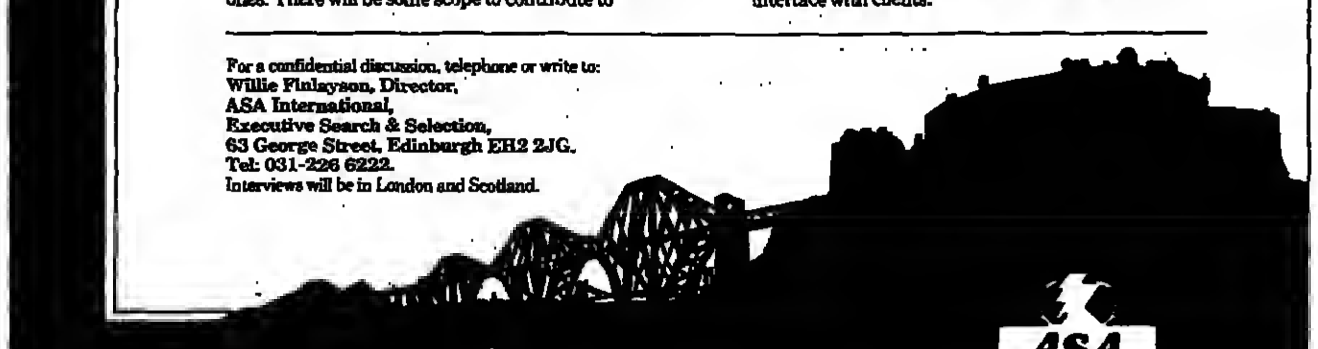
Edinburgh

Scottish Widows Investment Management Limited is a major investment house with assets under management exceeding £13,000M. It is a market *leader in UK* pension *funds and seeks to appoint an* ambitious young professional to join its pension fund management/marketing team based in Edinburgh.

The main thrust of the role will be to client liaison work in relation to the £3,700 million Managed Fund, reporting to existing clients and seeking to acquire new ones. There will be some scope to contribute to marketing strategy. Presentations to clients and intermediaries will concentrate on investment philosophy, fund activity and performance.

Candidates, aged 25-32 should be investment aware, preferably with experience in the investment industry and ideally with experience of the pension fund marketplace. Candidates should also have a high degree of presentational skills and have the credibility to forge strong relationships and become the main interface with clients.

For a confidential discussion, telephone or write to:
Willie Finlayson, Director,
ASA International,
Executive Search & Selection,
63 George Street, Edinburgh EH2 2JG.
Tel: 031-226 6222.
Interviews will be in London and Scotland.



ASA International

ASA INTERNATIONAL

EDINBURGH UNIVERSITY MANAGEMENT SCHOOL

Applications are invited for the following posts which are a key part of the substantial expansion of management education in The University of Edinburgh. The Management School is moving into purpose-designed accommodation and expanding its post-graduate and post-experience teaching. Several new appointments are to be made of which this is the first group.

SENIOR LECTURER IN FINANCE

Candidates will be familiar with and have contributed to the research and literature of the theory and practice of the capital markets. Applicants will be expected to undertake innovative teaching on undergraduate, MBA and post-experience courses. Edinburgh has a large number of important investment companies with whom the appointee may interact for research and related purposes. *REF: SBI 91004.*

Interested applicants may telephone Professor Andrew McCosh (031-650 3801).

LECTURER IN INFORMATION MANAGEMENT

This position is in the area of the application of information technology to the information needs of enterprises. The appointee will have a record of research and scholarship in this or a closely related area. Willingness to contribute to teaching at undergraduate, MBA and post-experience levels is expected. Whilst a research record in any industry sector is appropriate, candidates with interests in the financial services sector *are particularly sought. REF: SBI 910042.*

Interested applicants may telephone Professor Lynn Thomas (031-650 3798).

LECTURER IN ACCOUNTING

This Lectureship is within the Department of Accounting and Business Method. Applicants will be expected to contribute to both undergraduate and MBA teaching and research in the Department. Excellent research facilities are provided, especially in the areas of auditing, management accounting and the public sector. *REF: SBI 910043.*

Interested applicants may telephone Professor David Hatherly (031-650 3789).

LECTURER IN FINANCIAL MANAGEMENT

Candidates should be familiar with the task of financial management within the firm and with the literature of the field. The appointee will be expected to contribute in the teaching of financial management at all levels. Familiarity with research and scholarship in the capital markets would be an advantage. *REF: SBI 910044.*

Interested applicants may telephone Professor Andrew McCosh (031-650 3801)

Method of Applications

The Senior Lecturer post, which is permanent, is on the scale £24,594-£27,795 per annum. The Lecturer posts, which initially are for five years, will be at appropriate points on the scale £12,690-£23,427 per annum. Application for these posts (6 copies) including a CV and names of two referees should be submitted by 16 August 1991.

The address for submission of all applications is *Ms M E MACDONALD,* DEPARTMENT OF BUSINESS STUDIES, WILLIAM ROBERTSON BUILDING, 50 GEORGE SQUARE, EDINBURGH, SCOTLAND EH8 9JY.

MOODY'S FRANCE SA

PARIS

Pour répondre au fort développement de ses activités en France, Moody's France, S.A., filiale de l'agence de notation internationale Moody's Investors Service, recherche deux professionnels bi-lingues (français-anglais) de haut calibre de nationalité française. Ces deux postes sont basés à Paris et offrent d'excellentes perspectives d'évolution au sein du groupe. *Une rémunération motivante sera offerte en fonction de l'expérience.*

UN ANALYSTE CONFIRME - ETABLISSEMENTS DE CREDIT

Interlocuteur privilégié au plus haut niveau d'un groupe d'émetteurs, pour lequel il sera le responsable principal de l'évaluation du risque de crédit et du suivi, le candidat devra avoir une grande autonomie de jugement et posséder une bonne connaissance des marchés de capitaux français et des mécanismes de financement de l'économie. Son parcours devra inclure une expérience approfondie dans le domaine financier de 5 à 7 ans, au cours de laquelle il aura démontré sa capacité à conduire des analyses de crédit de grande qualité et à formuler de manière concise des opinions.

UN ANALYSTE SENIOR - TITRISATION

Intégré à l'équipe Titrisation, le candidat sera responsable de conduire une analyse détaillée des opérations de Titrisation afin d'identifier et de quantifier les risques de crédit induits et d'évaluer les mécanismes de protection des investisseurs. Ce poste nécessite une excellente capacité à appréhender des transactions complexes et une grande souplesse intellectuelle. Ce poste implique des contacts étroits et fréquents avec de nombreux interlocuteurs de grande compétence technique. Des connaissances solides du droit des affaires et d'autres langues européennes seraient un plus. Le candidat retenu devra avoir une expérience financière de 5 à 7 ans.

Merci d'adresser une lettre de candidature et un C.V. à

MOODY'S FRANCE SA 22 rue des Capucines 75002 PARIS

A SMALL FRIENDLY FIRM OF INDEPENDENT STOCKBROKERS IS SEEKING TO EXPAND

We would be pleased to hear from Stock Exchange members or registered representatives with their own business.
Our terms and charges are competitive.
Please reply to Box No: A1573
Financial Times, One Southwark Bridge,
London SE1 9HL.

APPOINTMENTS WANTED

INSTITUTIONAL STOCKBROKER

Turkish, English, French speaking stockbroker, currently employed with large UK brokerage house looking to broaden horizons in *Turkish capital / equity markets.* Aged 30. Qualified chartered accountant, seeks opportunity with UK/US/Turkish house. Looking to join or establish sales team in London.

Write to Box A1576, Financial Times, One Southwark Bridge, London SE1 9HL.

A screen based financial information service company to currency and fixed income *dealing operations* worldwide is seeking a

EUROPEAN MARKET ANALYST

to join our London based team. He or she will ideally have:

- A degree in Economics
- Moderate experience in coverage of the European markets preferably with a city institution.
- A high degree of market sensitivity as the service is continuously updated on-line, a quick reaction time, on-the-spot analytical ability, and effective communication skills.

The right candidate will have an opportunity to rapidly develop responsibility in a team of analysts who have an excellent reputation in the market place. In the first instance please forward your C.V. to:

Nicola Carthy
Jamaica Wharf
2 Shad Thames, Suite 3
London SE1 2YU

Telephone: 071 378 0675 Fax: 071 357 7845

SENIOR ECONOMIST

£30-45,000 basic

As a US based economic consultancy our client is currently expanding into Europe. They have recently established offices in London and are looking to recruit a senior economist to join the existing team.

Probably holding a post-graduate degree and aged between 27-35, the successful candidate will have specialised in pan-European analysis, including preparing regular macro economic forecasts. Experience of working within a financial institution would be an advantage.

The position will involve analysing the fundamental trends within Europe, in particular Germany, the UK and France. The candidate will provide screen-based commentary on key economic indicators, together with more detailed projects on topical issues. The economist will work as part of a small team covering the bond and FX markets. Salary will reflect experience and the package may also contain further elements giving more direct participation in the success of the UK operation.

Please contact Clare Kearns who will treat all enquiries in confidence: 20 Cousin Lane, London EC4R 3TE. Tel: 071-236 7307. Fax: 071-489 1130.

STEPHENS ASSOCIATES

SEARCH & SELECTION IN SECURITIES AND INVESTMENTS

MARKETING EXECUTIVE

City

Highly Competitive Package

This long established and successful European Bank seeks to increase its profile among leading financial establishments and important corporations throughout the UK.

To achieve this objective it has been decided to strengthen the existing team through the appointment of a proven Marketing Executive. Energy, patience and professional inter-personal skills are key attributes for this demanding position. The successful candidate will already have been involved in creating sales opportunities and developing long term client relationships within the financial services sector.

The ideal candidate will be aged 28 - 35, have a background in credit and have gained experience in marketing financial/banking products to senior managers in major companies and financial institutions. A sense of priorities and a thorough approach are vital qualities. The ability to speak German would also be an advantage.

This key position carries an excellent base salary plus a performance related bonus and the usual fringe benefits associated with the banking profession.

Interested applicants should write to Graham Thompson, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS

Queens House, 1 Leicester Place, London WC2H 7BP

Tel: 071 437 0464 Fax: 071 437 0697

Regional Manager

Middle East

We are a leading international financial services and investment house with offices worldwide. The Group's Funds Division, leaders in derivative investment products, require a senior executive to head the marketing activities throughout the Middle East, from our existing well established Bahrain office.

The role involves coordinating all sales either directly to institutions and individuals or through agents and requires strong negotiation, organisation and motivational skills. The Regional Manager should be accustomed to dealing at Board level and capable of launching investment funds jointly with banks and institutions.

The successful candidate should demonstrate the ability to handle the commercial and legal aspects of fund documentation, with the assistance of external professionals, and possess an appreciation of the market for packaged investment products. Previous Middle East experience is an important requirement.

We offer a substantial package with full expatriate benefits.

If you would like to apply for the position of Regional Manager, please submit your Curriculum Vitae and covering letter to Bill Deayton, E D & F Man Ltd, Sugar Quay, Lower Thames Street, London EC3R 6DU.

E D & F MAN INTERNATIONAL LTD

Appointments Advertising

Appears every Friday (in the International Edition) Wednesday, Thursday (in the UK Edition)

For further information, in North America please call: JoAnn Gredell on 212 752 4500 or write to her at 14 East 60th Street New York, NY 10022

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Credit Analyst

One of the ten largest banks in North America and with a good credit rating, CIBC is a well-known player in international finance. Considerable resources have been invested in developing the treasury function and we are now looking for an experienced Credit Analyst of financial institution counterparties. (We would also be interested in receiving CV's from experienced Analysts of corporate counterparties). The position, reporting to the Head of Credit Investment Bank, will be responsible for analysing creditworthiness, preparation of credit applications, and monitoring of assigned sections of the portfolio on a continuing basis.

The successful candidate will be of graduate calibre, is likely to have five years exposure to a European banking environment and will have acquired a good knowledge of counterparty names. She or he will be articulate and diplomatic, with an enquiring mind and a friendly personality.

We offer an excellent renumeration package including full banking benefits and an opportunity to join a team within a developing function.

Please send a full C.V. together with details of your current package, to Susan Humphreys, Personnel Officer, Canadian Imperial Bank of Commerce, Cottons Centre, Cottons Lane, London SE1 2QL.

CIBC

Canadian Imperial Bank of Commerce

Developing in the world of International Finance

Our client, a major US investment bank, has an opening for a professional with strong analytical and programming skills within its Derivative Products Risk Management Group. The Group's expertise covers the valuation and risk analysis of all swap and option products, both interest rate and currency, as well as portfolio management techniques.

You will work on the development of pricing and risk management tools for the bank's derivative products trading areas, and for customers' portfolio applications. Project involvement extends from development through to execution, including participation in the marketing effort and contact with clients.

You will need a record of high academic achievement in a numerical/technical discipline and a strong interest in finance. Knowledge of Fortran or C and experience with Sun workstation/graphics is essential.

If you can fill this role, you can expect an attractive negotiable salary with excellent city benefits and the opportunity to use your quantitative skills in an interesting, high profile position.

In the first instance, please send a full c.v. to Julie Parker at the address below. Please list separately any companies to whom your details should not be sent as applications will be forwarded direct to our client for consideration.

BERNARD HODES

SELECTION

BIRMINGHAM • BRISTOL CARDIFF • MANCHESTER

Griffin House, 161 Hammersmith Road, London W6 8BS.

Mitsubishi Bank

SENIOR ROLE - CREDIT

Mitsubishi Bank invites applications for a senior person to lead a team of several Credit Analysts working within the Corporate Finance Department of its London branch.

Aged 35-40, the successful candidate for this new position will have proven credit assessment ability, ideally gained within a major UK Bank, or International Bank operating in London.

The position will focus specifically on major UK Corporates, and extensive experience is essential.

Salary and benefits package will be commensurate with a position of this seniority.

Application with detailed C.V. to Personnel Department, The Mitsubishi Bank Ltd., 6 Broadgate, London EC2M 2SX

Salomon Brothers International Limited

LAWYER

Salomon Brothers, one of the world's leading international investment houses, is seeking a lawyer for the London Legal Department.

The role requires a lawyer who has qualified in the UK or another EC country. Your background should include at least 2 years' experience in a law firm or investment firm.

This is a highly visible position that will involve regular contact with a wide range of departments and individuals within the Firm. As a member of Salomon Brothers' select worldwide team of lawyers, you will be involved in current legal issues faced by a prominent investment firm in Europe and the UK. Fluency in at least one other European language, preferably German, would be a plus.

Salary and benefits will be commensurate with experience. Interested applicants should write enclosing a complete CV to: **Isabel Doverty, Salomon Brothers International Limited, Victoria Plaza, 111 Buckingham Palace Road, London SW1W 0SB.**

Salomon Brothers

MEMBER OF SFA

ACCOUNT MANAGER £30-35,000

Our client is a UK based commercial and retail bank whose strategy is to expand its domestic lending operation, building upon its past success. Emphasis is on enhancing long-term relationships with a broad spectrum of companies that require innovation and flexibility in their financing.

Owing to growth in the Commercial Banking group, an Account Manager is required to develop an existing loan portfolio, supervise two account officers and demonstrate flair and initiative in identifying and developing new business opportunities.

The successful candidate will be a graduate aged 30-35 years with experience of secured and unsecured lending and proven marketing and credit experience. This is a high profile role with considerable customer contact; exceptional presentation and communication skills are therefore essential.

The remuneration package will reflect the seniority of this position and will include a company car and the usual banking benefits.

Please forward your curriculum vitae to Brian Jarvis or Dominic Huggins at...

Jonathan Wren & Co. Limited, Financial Recruitment Consultants

No. 1 New Street, London EC2M 4TP

Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN INTERNATIONAL

FINANCIAL INFORMATION SERVICES

PONT INTERNATIONAL

Fixed Income Product Management

Pont International, rapidly expanding as a provider of information and analytics products in the equities market, intends increasing coverage of global fixed income data and introducing a new range of products.

Pont seeks a professional marketing executive with extensive experience in international fixed income markets. The ideal candidate will be familiar with specifying customer requirements and the use of software applications and decision support systems.

This is a senior position involving extensive client contact; exceptional communication and presentation skills will be essential.

Please write to Peter Kingsley, General Manager, Pont International, Westwood Park, West Bergholt, Colchester CO6 3DJ

UK EQUITY ANALYST

Innovative Thinker Required

Our client is a highly regarded securities house with a leading reputation in international equities and an impressive list of major clients throughout the world. They now wish to expand their UK equity coverage and seek a high calibre analyst.

The role will involve analysing UK, mainly alpha, stocks as part of a Pan European research team. Whilst there will be a limited need for traditional maintenance research the majority of companies will be looked at as strategic special situations.

With at least five years experience as a generalist or specialist analyst, gained in broking or fund management, candidates should have good knowledge of the UK equity market; excellent written and verbal communication skills; a creative, idea orientated approach to research; and the desire to play a key role in a dynamic environment.

For an initial talk in strict confidence please contact Emma Weir at 20 Cousin Lane, London EC4R 3TE. Telephone: 071-236 7307. Fax: 071-489 1130.

STEPHENS ASSOCIATES

SEARCH AND SELECTION SPECIALISTS IN SECURITIES AND INVESTMENTS

APPOINTMENTS WANTED

ATTENTION F.X. BROKING COMPANIES

A unique opportunity has arisen to secure the freelance services of a high calibre broker of some twelve years standing.

Currency specialising in spot Deutschemark offering extensive client contacts in both London and overseas markets. Proven and consistent track record of very high income production, also offering substantial marketing experience and abilities at director level.

Will undertake marketing and/or broking assignments worldwide on short or long term performance related basis.

Principals only please:
Write to Box A1575, Financial Times, One Southwark Bridge, London SE1 9HL.

SENIOR INVESTMENT OFFICER

UNITED NATIONS SECRETARIAT seeks qualified candidates for the Investment Management Service of the Pension Fund in New York. Work involves the management of a multibillion dollar fund. Requirements: advanced university degree in economics, finance or related field. Sixteen years of professional experience at senior level in banking, international portfolio management (encompassing shares, bonds and real estate). Ability to make sound judgements. Good interpersonal and management skills and ability to work in a multicultural environment. Fluency in English or French. Working knowledge of the other and of German and Japanese desirable. Qualified women are encouraged to apply.

Minimum net salary is US$ 64,712 without dependants (US$ 69,912 with dependants), plus corresponding entitlements. Closing date for receipt of applications:, 5 August 1991. Applications with full curriculum vitae, including salary history should be sent to:

Ms Sheila Kolodny, Room S-2535,
Recruitment and Placement Division,
United Nations,
New York, NY 10017, USA.
Fax number is 212 963 3134.

EMPLOYMENT COUNSELLING SERVICE

Be one step ahead of your job competitors - have a personal consultation with an experienced professional adviser. This includes the construction, or adjustment, of your C.V., plus sound advice on a possible career change and how to approach the labour market and interviews. The information will greatly assist you in finding a new position.

All consultations are in Central London.

Please telephone for an appointment or further details.

JOHN GRANVILLE ASSOCIATES

Tel 071 723 2484 (24hrs)

APPOINTMENTS WANTED

YOU MAY NEED ME

Offering thirty years Managerial / Directorial experience in Marketing / Trading, strong organisational background with leading Oil Major involving business development and international sales and control. Seeking commensurate position with developing or expanding Company.

Write to Box A1574, Financial Times, One Southwark Bridge, London SE1 9HL.

REDUNDANT EXECUTIVES OR AGEISM Victims. Opportunities exist, with free training; with this Blue Chip Financial Institution. Ring Peter Stoner 071 789 2223.

BARINGS

Merchant Banking

Baring Brothers & Co., Limited wishes to recruit Executives to work on their expanding international corporate finance and capital markets business as part of their successful London-based international team.

Suitable candidates will probably be university graduates, between 23 and 28 years old, possessing a high degree of numeracy and an ability to communicate clearly both orally and in writing. Experience and relevant qualifications will be an advantage. Fluency in one European language in addition to English would be highly desirable.

Salary is negotiable according to experience and benefits will include mortgage subsidy, non-contributory pension scheme and BUPA membership.

Applicants should write, enclosing a curriculum vitae, to:

Sheila Milbank, Personnel Manager,
Baring Brothers & Co., Limited,
8 Bishopsgate, London EC2N 4AE.

SENIOR TRANSACTOR
(Asset based finance)

Our client is the division of an established global merchant banking operation specialising in the application of complex financing techniques to capital equipment and projects, valued at £10m+. Their London based team is of the highest calibre and has been responsible for some of the most innovative asset finance transactions recently completed in the U.K.

Reporting directly to Board level, the appointee will structure and close big ticket leasing transactions, both domestic and cross border. Consequently, candidates, aged 30 to 40, must clearly demonstrate the current application of such expertise within the £10m+ sector of the market, particularly the technical creativity to formulate complex financial stuctures. The position attracts a highly competitive remuneration package including a substantial performance related bonus.

Please contact Peter Haynes or Keith Snow.

All applications will be treated in strict confidence.
No information will be disclosed without applicant's prior consent.

Jonathan Wren & Co. Ltd., Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP
Tel No. 071-623 1266 Fax No. 071-626 5258

JONATHAN WREN LEASING

EMPLOYMENT OPPORTUNITY

International Sales Manager, Security Papers

CHALLENGE: A *major Canadian* producer of quality fine papers is seeking a sales manager to market its wide array of security papers on the international market. This position reports to the Sales Manager of Overseas Operations.

QUALIFICATIONS: The successful candidates must

- have a minimum of ten years experience in selling either security papers or security printing.
- have excellent communication and selling skills.
- be autonomous, self-motivated and entrepreneurial.
- *be fluent in Spanish, French and English.*
- be willing to travel extensively.

BENEFITS: Competitive salary and commission; with a comprehensive benefit package.

If you have these qualifications, please send your curriculum vitae to:

Vice-President, Sales and Marketing
B.O. #7211
Montréal (Québec)
Canada
H3C 3M2

LEADING EUROPEAN MERCHANT BANK

Public Sector Finance

A leading City based European bank seeks a candidate for a key position in its Public Sector Finance team. The Bank has significant experience in the funding of local authorities and housing associations.

The newly appointed candidate will join a small and highly motivated team responsible for drafting and reviewing credit proposals, running existing transactions, syndication work, legal and accountancy research and the marketing of public sector related finance.

The successful candidate will already have ideally gained 2 to 3 years banking experience and, preferably, have had some exposure to public sector finance. The ideal candidate will also preferably be a qualified or part qualified accountant, or have completed a recognised credit analysis training course, and be able to demonstrate they are a good team player.

The Bank offers a competitive remuneration and benefits package which includes the normal range of banking benefits.

Interested candidates should send their full cv to:
A1567, Financial Times, One Southwark Bridge,
London SE1 9HL

Investment Management Institutions Information Technology

Experienced IT professional seeks challenging work in above area

- *Track record of successful IT project management*
- Excellent knowledge of business
- Feasibility studies, System reviews and software package evaluation
- Short or long term contract or permanent considered
- References available

Write Box A1572 Financial Times,
One Southwark Bridge, London SE1 9HL

M & A RESEARCH EXECUTIVE

A specialist corporate finance house wishes to appoint a research executive to carry out a range of activities including:

- Report writing,
- Identification of and research into acquisitive companies,
- Maintenance of in-house database and company accounts library and,
- Press coverage.

Applicants should be graduates with corporate research experience. Please write, enclosing c.v. to

CAVENDISH CORPORATE FINANCE LTD
Elizabeth Pasley
12 Cavendish Place
London, W1M 9DJ
tel: 071-436 2391
fax: 071-323 2145

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(in the International Edition)
Wednesday, Thursday
(in the UK Edition)
For further information, in North America

please call:
JoAnn Gredell
on
212 752 4500
or write to her at
14 East 60th Street
New York, NY 10022

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

THE PENSIONS MANAGEMENT INSTITUTE

The following candidates have completed the Associateship examinations of The Pensions Management Institute.

Mr S H Amor	Miss C A Gray	Mrs A A Morris
Mrs S J Andrews	Mr S M Gridley	Mr M D Morrison
Mr A M Ashley Taylor	Mrs L G Griffin-Smith	Mr C W Mullins
Miss P J Austin	Miss C A Hackett	Mr R A Nathan
Mrs J A Averre-Beeson	Mrs E J Hallworth	Miss B H O'Carroll
Mr P J E Baker	Mrs N C Hancock	Mr N Parfrey
Mrs H Beaveridge	Mrs J Hanson	Mrs E A Pearce
Ms A E Bennett	Miss A M Harber	Mr D R Perryman
Mr P W Booth	Miss A P Harrison	Mr J W Power
Mr M W Bradbury	Miss S M Hegarty	Mrs S R Ridley
Mrs P M Brooks	Mrs J D Hooker	Mr P J Ring
Miss S A Brown	Mrs M R Howes	Ms S P Robinson
Mr M Bryan	Miss C J Hulse	Miss J T Rogers
Mr H B A Buck	Miss P James	Miss S B Rogers
Ms Y S Butler	Miss J Johnston	Mr K D Rothwell
Mr S Cameron	Mr S Johnston	Mrs C Rowles
Mr P H Chilcott	Mr A D Jones	Mr P J Rowles
Miss H M Clarke	Mr P Jones	Miss H A Russell
Mr A L Clarkson	Mr M V Kelly	Mr R F Russell
Mrs A J Clegg	Mr D Kershaw	Mr T J Rutter
Mr G R Cohen	Mr S W B Kyle	Mrs J M Samsworth
Mr J R Colegrave	Mrs P M Lane	Mr D M Saunders
Mrs S E Connolly	Mrs R H Lestrade	Mr K N Scott
Miss J M Coutts	Mr M G Lilly	Mr G J Shortman
Miss S E Cox	Mr P A Luckett	Miss J A Smith
Mr P M Cramp	Mr D Maddison	Miss K L Smith
Mr F M Crehan	Mr P Mann	Mr C M J Stanley
Miss C J Croxton	Mrs D A Marten	Miss K F Starling
Mr C K Eaton	Mr A M Mason-Williams	Mr M A Stewart
Mr R G Ellis	Mr M J Maynard	Mr C J Symonds
Mr D Everett	Mr A McCracken	Mrs P J Thomson
Mr N G P Gibbons	Miss M J McKelvie	Mr E A Townsend
Mrs L C Gough	Mr G C Miller	Mr C L Veck
Mrs J C Grant	Mr I D Moore	Miss M Walker
		Mr J N Woodman

July 1991

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ACCOUNTANCY COLUMN

Reconciling regulation and representation

By Ian McNeil

IN his article "The institute prepares to flex its muscles" published in this columo on July 4, David Waller paints a vivid picture of a professional body ostracised by the big firms, enmeshed by a rambling, complex committee structure and accused by its members of being simultaneously ineffactive and too effective as regulating auditors. I am not sure what schizophrenic body Mr Waller is describing but it is certainly not the Institute of Chartered Accountants in England and Wales.

The big firms remalo heavily involved in the institute's affairs, at Council and Committee level, as well as providing many of the office holders in the recent past. A senior partner of one of the "Big Six" firms is, for example, chalring the current review of its relationship with firms. And there is considersble representation of the big firms both on the Audit Regulation Policy Co-ordinating Committee aod the Audit Registratioo Committee. Indeed, at the time of their appointments, the chairmen of both committees were "Big Six" partners. The institute continues to have extensive contact with all the senior partners of the big firms, both individually and as a group.

Mr Waller claims that, until now, the institute's main purpose has been to represent members. He ignores its role as regulator under both the Insolvency Act and the Financial Services Act.

The institute has been licensiog insolvency practitioners for four and a half years. There are 1,000 insolvency practitiooers licensed by the institute, around half of all the licensed practitioners. Uoder the Financial Services Act, it regulates over 6,000 firms to carry on investment business – lo a way which has attracted no external criticism and some praise.

Under the watchful eyes of the DTI and the Securities and Investments Board, the institute is successfully reconciling the supposedly conflicting roles of regulator and professional body. It has meant putting the public interest before a member's or firm's interest. Surely that is the characteristic distinguisbing a professional body from a trade association. A professional body has to remain committed to encouraging and maintaining the highest standards in its members in whatever branch of the profession they serve. This means that in the longer term the interests of members and the pobllc are synonymous.

It is far from clear why some critics are so convinced that a professional body cannot be an effective regulator and why structural separateness is a prerequisite for the proper conduct of a regulatory role. The Governmeot, the DTI and the membership, in voting so overwhelmingly in support of the institute undertaking the regulation of auditors, clearly believed that the best agencies to regulate auditors were the professional accountancy bodies. Such an approach accepts that a professional body is likely to have the clearest understanding of the practicalities of auditing and of its members' practices as well as the improvements which might be needed in training, guidance and regulations.

Furthermore, in the majority of firms, audit is one of a range of professional services provided to clients. To divorce audit from the rest of a firm's activities makes little sense. In assessing a firm's "fit and proper" status, for example, a regulator would have to take into account the whole practice and not merely concentrate on the audit work of the firm.

The criteria for recognition as a supervisory body are spelt out in some detail in schedule 11 of the Companies Act 1989. A Recognised Supervisory Body must have rules, procedures, practices or arrangements in a oumber of different areas.

Some of the rules to be promulgated by the institute in its capacity as an

> **'Under the watchful eyes of the DTI and and the Securities and Investments Board, the institute is successfully reconciling the supposedly conflicting roles of regulator and professional body'**

RSB are specifically related to audit, e.g. those designed to ensure independence when a firm accepts an appointment as auditor and requiring firms to comply with auditing standards. Others affect the whole firm directly or indirectly, such as the rule requiring firms to be able to meet claims arising out of audit work.

An RSB has to monitor and enforce compliance with its rules. It must also have fair and reasonable rules and practices relating to the grant and withdrawal of registration and to the discipline it exercises over members. New functions mean new structures and committees. But the institute has only established tbose committees necessary to ensure consistency, fairness and smooth administration. To a certain exteot the oew structures build on valuable experience. For example, there are independent lay members involved in both regulatory and disciplinary committees. The Investigation and Disciplinary Committees have long had outsiders serving oo them.

Although there is no requirement in the Companies Act to do so, the institute believed that the public interest was best served by specifying in the audit regulations that there should be independent members of the Audit Registration Committee. If a separate body were to take over the regulatory role, it is not clear how the committee structure could be exteosively simplified while at the same time meeting all the criteria spelt out in the Companies Act 1989.

It is certainly unlikely that costs would be reduced by setting up a separate organisation. The costs of establishing a completely new regulatory body, with adequate resources to satisfy the DTI that it can perform its role effectively, would be coosiderable. More important, the main cost of audit regulation is lucurred in the monitoring of a firm's compliance with regulations – a specific requirement of the Companies Act.

The institute is making use of the existing joint monitoring unit and hopes to keep costs to a minimum by combining, where feasible, visits to monitor firms' audit and investment business activities. The extent of the resources required to monitor 9,000 firms should not be underestimated.

Those (few) critics of the oew arrangements from inside the professioo are certainly guilty of poor timing. The main thrust of the institute's approach to audit regulatioo was made public well over a year ago and members of the institute endorsed it by a 98 per cent majority in June last year. Sooo, the institute hopes to receive formal recognition as a supervisory body, the culmination of seven years work in response to the 8th Directive which appeared lo final form in 1984.

Any major change of approach, by the institute or government, would take some considerable time to implement. The institute and the other supervisory bodies are all set to take on their new regulatory responsibilities. Instead of throwing everything back into the melting pot, it surely makes sense to stand back and let the new regime get off the ground.

Inevitably the regulators will be subject to considerable scrutiny. The DTI has said it wants to review the results of monitoring firms after 18 months. The institute itself will be keen to assess the effectiveoess or otherwise of audit regulation after 18 months or two years. Theo it will be possible to reconsider the appropriateness of the institute acting as regulator in the light of experience.

The institute does not underestimate the task before it, but believes that it should be allowed to demonstrate that it can combine the roles of effective regulator and professional body. To rule it oot at this stage would be unhelpful, unnecessary and damaging to the profession.

Mr McNeil is the President of the Institute of Chartered Accountants in England and Wales.

ACCOUNTANCY APPOINTMENTS

MIDLANDS — **c £38K + CAR + BENEFITS**

Financial Planning Executive

With assets valued at several billion pounds spread throughout England and Wales, this highly capital intensive business is now entering a period of exciting and challenging commercial development. The recently established Group Financial Planning function presents a unique career opportunity.

Reporting ta, and working closely with the Financial Planning Controller, your responsibilities will include the financial assessment of strategic and operational business decisions and the evaluation of individual plans submitted by operating subsidiaries. This will require a high profile throughout the Group. You will also co-ordinate and develop a five year operating plan and have a major involvement in the development of corporate financial modelling.

You will be a qualified Accountant with planning experience preferably within a large capital intensive group. You will have a high level of commercial awareness together with outstanding analytical skills. Your approach will be self-assured with excellent communication skills to deal with all levels of management.

The position is permanently based in the Midlands, but will require an initial period to be spent in London. Please send full personal and career details, including current remuneration and daytime telephone, in confidence to Ann Shepherd, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3JB, quoting reference AS/845 on both envelope and letter.

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MIDLANDS — **TO £40,000 + CAR + BENEFITS**

Group Financial Accountant

With assets valued at several billion pounds spread throughout England and Wales, this highly capital-intensive business is now entering a period of exciting and challenging commercial development. The Group Accounting function is currently undergoing significant change and presents a unique career opportunity.

Reporting to the Group Chief Accountant you will assume overall responsibility for this small professional team engaged in the production of statutory accounts and monthly consolidated financial statements. This will involve considerable liaison with General Managers and finance staff across the whole Group.

You will be a qualified Accountant with good commercial awareness and sound financial accounting skills, initially gained with a 'big five' firm followed by experience as a Group Accountant within a major capital-intensive Group. You will have strong technical ability with good interpersonal and management skills. A flexible, positive approach is essential.

The position is permanently based in the Midlands but will require an initial period to be spent in London. Please send full personal and career details, including current remuneration and daytime telephone number, in confidence to Ann Shepherd, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3JB, quoting reference AS/847 on both envelope and letter.

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Financial Controller

Manchester — **NORWEB**

Our client is the Regional Electricity Company for the North West of England. It has a turnover of £1.2 bn end is one of the biggest businesses in the region. It is seen as a progressive REC, and is undergoing considerable chenge as it restructures to focus on tha profit centres of its component business streams.

As part of this restructure, a new position of Financial Controller has been created. Reporting to the Financial Director, the role has responsibility for Financial, Management end Regulation Accounting and tha Financial Systems Project Team.

This is a very senior and high profile rola in a major business. You should be a qualified accountant, ideally in your mid to late thirties, with an exceptional track record and have experience in a regulated environment. You should have the energy, drive and commercial outlook to operate effectively at a senior level. Good interpersonal and communication skills are essential.

Candidates currently earning less then £40,000 pa ara unlikely to have the required experience and knowledge to meet the requirements of this demanding position; the package will include a car and tha usual benefits of a company of this size.

Please reply in confidence, quoting ref. 1668 to Geoffrey Rutland FCA ATII at the address below, giving concise career and salary details and a daytima telephone number, or telephone for en informal discussion on 071-489 9000 or 081-878 8395 (evenings).

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A qualified accountant aged around 30, you will have at least six years' post-qualification experience in the manufacturing sector, preferably batch-processing. With the stature and credibility to make an immediate impact, you should have the management skills to ensure co-operation to achieve business objectives.

Salary is for discussion as indicated and the benefits package includes a performance-related bonus and assistance with relocation to an area noted for its accessibility and quality of life.

If you have the expertise end experience to make the major cootributfon required, please write in confidence with full career end salary details to: Ian Day, Ref: 61033, MSL Group Ltd, Ebor Court, Westgate, Leeds LS1 4ND.

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Financial Controller

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The company operates a closely integrated management team, and the Financial Controller is not only responsible for all financial aspects of the business, but will be expected to make a strong contribution to commercial and management issues. The position includes supervising a small department and a specific task will be the integration of new systems. Reporting is to the local Managing Director and to the Finance Director of the parent company.

You will be an achievement orientated qualified accountant, probably in your early thirties, and have already gained 'sharp-end' commercial experience in a fast-moving, service-related environment.

If you are interested in this high-profile and challenging role, fax or send your CV, including salary details, to Andrew Cook, Resource Selection, 36–40 Liverpool Road, Luton, Beds. LU1 1RS.
Telephone Number: 0582 422472. Fax Number: 0582 415868 Ref: AJC/42

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To apply, or for an initial discussion, please send a CV to, or telephone: Anthony Jones, Career Plan Ltd, 33 John's Mews, London WC1N 2NS. Tel: 071-242 5775 (081-348 3641 between 7.30 and 9.30 pm).

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London

c£42,000 + benefits + Car

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Candidates should be of graduate calibre, age indicator 28-35 years, with good communication skills, creative and strategic thinking ability.

Previous treasury experience and the ability to succeed in this progressive group are essential where the career prospects are excellent.

Please telephone or write enclosing full curriculum vitae quoting ref: 565 to:

Nigel Hopkins FCA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 071-839 4572
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This is a main Board appointment reporting directly to the Chief Executive Officer and carrying responsibility for the management and development of the financial and operational controls of several Divisions within a multi-site operation.

The successful applicant is unlikely to be under 35 and will be qualified FCA/FCMA with solid experience at Financial Controller or Director level in a growing company. In order to fit into the closely-knit, senior management team it is also essential that the post-holder possesses an outgoing personality, a strong commercial sense of urgency and the ability to demostrate good working relationships at all levels, internally and externally.

Interested candidates should submit a comprehensive CV, in confidence (stating any companies you do not wish your CV to be forwarded to), to:

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BhS

Finance Director

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In the last year the company has repositioned itself in the market, providing quality and value for the modern woman and family, in clothing and accessories, home furnishings and gifts. Fundamental organisational changes and major investment in people and information systems have greatly improved internal efficiencies.

A Finance Director is sought to continue and increase the effort behind, and capitalise upon these changes. Emphasis will be placed on working as part of an innovative and committed team of professional retailers.

Candidates must have experience of the line management of finance within retail. They must also be able to demonstrate the ability to work effectively as a team member at Board level; contributing balanced judgement and a broad commercial view.

The remuneration package will reflect the seniority of the position.

Interested candidates should write, enclosing a full CV with daytime telephone number and giving salary details, quoting Ref. 511 to Kate Donaghy, Whitehead Rice Ltd, 43 Welbeck Street, London W1M 7HF.

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MANAGEMENT SELECTION

DIRECTOR OF FINANCE & RESOURCES

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The successful candidate will be a graduate qualified accountant, ideally at manager level either within the profession or commerce. You will display a high degree of commercial awareness and will have demonstrated initiative, achievement and creativity in your current position. Strong interpersonal and communication skills are essential. You should be assertive with strong technical skills and a desire to put these to practical use within a fast moving environment.

For further information, please contact **Chris Nelson or Amanda Lawton on 071-831 2000** (evenings/weekends on **081-785 6545**) or write to them at
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Our client is a highly profitable, UK based food manufacturer with turnover in excess of £700 million.

In anticipation of a challenging ten-year planning horizon, the company has decided to strengthen its finance function by the addition of a high-calibre qualified accountant. He/she will initially gain detailed experience of the company's business on a short term assignment to an operating unit as Financial Controller, before taking up a financial analysis role at the centre.

Candidates will be aged 28-35, with strong manufacturing and commercial experience gained in a progressive, medium/large sized company. Personal qualities will include an outward looking approach and excellent inter-personal skills.

The successful candidate will be joining an organisation which promotes the development of individual careers both within and across functional boundaries and the comprehensive benefits package includes full relocation with bridging loan facilities.

Interested candidates should write, enclosing a full CV with daytime telephone number, quoting Ref. 510 to Nigel Bates FCA, Whitehead Rice Ltd, 43 Welbeck Street, London W1M 7HF.

Whitehead Rice

MANAGEMENT SELECTION

Finance Director, Treasury

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Our client, a division of a major U.K. bank with overseas subsidiaries and a recent impressive record on profitability and growth, wishes to appoint a high calibre Finance Director who will report to the divisional Chief Executive.

The division is a significant player in the bond and interest rate swap markets, complex hedging transactions, big ticket leasing and other financial operations.

The Finance Director will be a key member of the management team assessing future business prospects, developing the business strategy and playing a central part in the next phase of the division's development. An important initial responsibility will be to review and strengthen financial controls and management information systems in response to balance sheet and profit growth.

Aged late 30s – 50, candidates must be qualified accountants, with a strong treasury background and well developed critical faculty. Technically sound and with strong man-management abilities they are likely to have been in a major treasury operation for at least ten years and have the ability to analyse and account for complex financial instruments. They will have the strength and personality to thrive in a robust, successful and dynamic environment, whilst remaining sensitive to *the ambitions of individual team members.*

If you meet these demanding criteria, please send a comprehensive Curriculum Vitae and a short report specifying evidence of how you meet these requirements by **24 July 1991**, to **Diane Forrester ACA, Executive Selection Division, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH**, quoting reference **702**. It is *proposed that selection interviews* with the client will take place during the week commencing **29 July 1991.**

MP

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Aged late 20s/early 30s the successful candidate will be a commercially minded qualified accountant whose career to date has involved them in the above areas. They will need to possess above average interpersonal skills as there will be a high degree of interface with non-finance personnel both at Head Office and out in the field.

If you feel you have the experience and personal qualities to assume this demanding role, then please write enclosing a comprehensive curriculum vitae, to **Hugh Everard, Director, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH**, or telephone him on **071-831 2000.**

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The initial tasks, as a key member of the financial systems development team, will involve redefinition of the Group reporting systems and agreeing software changes in line with changes in Group structure and advances in planning, budgetting and reporting requirements; working with the businesses on the interface with their systems; contributing to the Group's systems policy; documenting current systems and resolving issues; and managing current systems and LANs.

Applicants should be top ranked graduate chartered accountants trained by one of the major international audit firms. In addition to experience of medium to large package based systems, PC literacy including spreadsheets, graphics and databases is required. Clear and concise communication skills are essential. Financial careers are actively managed within the Group and there are excellent medium term prospects. Age guide - late 20s. Location – Central London.

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Brian H Mason
Mason & Nurse Associates
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London WC2E 7EB
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FINANCIAL CONTROLLER

Ashford **to £45,000 + bonus + car**

This is a well-established international firm of consulting engineers which has made energy and environmental engineering one of its prime specialisations. Recent expansion has created the need for a financial controller to join the management team and facilitate its future development plans.

Reporting to the Finance Partner, the first priority will be to complete the computerisation of the accounts department, restructure the team and establish effective controls and systems for the partnership. As the only qualified accountant in the firm, you will be required to bring commercial and financial acumen to all areas of the business and to seek opportunities to improve profitability and efficiency.

Likely candidates will be qualified accountants of graduate calibre, aged between 35 and 50, with broad commercial experience, preferably in an international partnership environment. Exposure to treasury and tax planning issues is desirable although the auditors will continue to advise in specialist areas. Candidates need a mature, authoritative management style which will raise the profile of the accounting function and ensure smooth implementation of the changes.

Interested candidates should send a comprehensive curriculum vitae, quoting reference 3213 to Vivienne Hines, Touche Ross Executive Selection, 1st Floor, Hill House, 1 Little New Street, London EC4A 3TR. Telephone 071 936 3000.

Touche Ross MANAGEMENT CONSULTANTS

Price Waterhouse

EXECUTIVE SELECTION

Financial Controller

c. £55k plus car & mortgage subsidy **Stevenage, Herts**

This is a prestigious and well known financial institution with assets in excess of £7 billion. They are now seeking a senior finance professional who, as a member of the Executive Management Team, will provide financial advice to the Executive Directors and also contribute generally to the overall corporate and strategic development of the business.

Reporting directly to the CEO, and liaising with all departmental heads as necessary, you will be responsible for the day-to-day management of a team of 38 located at the main administration centre in Stevenage.

You should be qualified and ideally CA. Financial sector experience is not essential, although clearly a background in the service sector would be useful. Sound computer literacy (especially using spreadsheets), strong exposure to tax, and a keenly proactive commercial interest and awareness are sought. Critical, however, will be experience at a senior level and as a central point in an organisation, in order to have generated the personal stature, confidence and credibility to take on this high profile role.

Practical, committed, highly focused, a logical mind, an incisive and succinct approach to problems, and an able manager — these are the qualities we seek. In return, the scope of this position is not to be underestimated — this is a large and challenging role, with the opportunity to play a key part in the future development of the business.

If you would like to discuss this further, please call Hamish Davidson on 071 939 6312. Alternatively, write in confidence with full CV, quoting reference H/1167 and current salary to:
Executive Selection Division
Price Waterhouse
Management Consultants
Milton Gate
1 Moor Lane
London EC2Y 9PB
Fax: 071 638 1358

Financial Director Designate.

North Birmingham **c£40,000 + car**

Our client is a privately owned company engaged in the retail of fast moving consumer goods. Operating in a highly competitive market place they have rapidly developed into a business that is at the forefront of its industry and has a brand name synonymous with quality and customer care. A continued strategy of intensive market penetration will serve to further enhance their reputation and stimulate additional growth in line with the company's objectives.

To help achieve their aims a high calibre individual is sought to assume full financial control. As a key player in a core management team you will also be expected to make a major contribution towards commercial decision making and company strategy.

The successful candidate is likely to be over 35 years of age, a qualified accountant and someone who is able to demonstrate strong commercial management experience allied with an exposure to financial institutions. You will also possess commercial flair, incisive business judgement and strong inter-personal skills.

The company's plans for the future along with the scope and prospects of the role make this an outstanding opportunity.

Interested candidates should forward a full Curriculum Vitae to Peter Nicholls, ACMA at Carriban Nicholls, Charles House, Great Charles Street, Birmingham B3 3HT (fax number 021 233 0398) or telephone him on 021 233 9323.

Carriban Nicholls
FINANCIAL RECRUITMENT CONSULTANTS

Financial Controller

U.S. Group with worldwide interests plans new manufacturing operations in Poland.

WARSAW

Excellent Ex-Patriate Package

This apparel group with worldwide sales in excess of $4 billion is currently implementing plans to establish a manufacturing/marketing subsidiary in Poland.

From a start up situation plans are to attain a turnover of $ U.S. 40m and employ in excess of 1,000 staff. As part of the management team and reporting to the local General Manager you should have:

- a recognised accounting qualification together with a hands on practical approach
- the ability to work closely with management using initiative to influence and develop corporate systems
- excellent management skills, a creative mind with an ambition to succeed

Above all, you must have the ability to train and teach locally employed nationals to a position where they can assume responsibility for various parts of the finance function.

This is an excellent opportunity for a person who can demonstrate clear management ability and have the initiative and drive to succeed in a highly motivating and international environment. Prospects for achievers within this group are outstanding.

Interested candidates should write in confidence to: Nicholson International (recruitment consultants), Imperial Buildings, 48/56 Kingsway, London WC2B 6DX, quoting reference 9250, or fax details on 44 71 404 8128 or contact 44 71 404 5501 for an initial discussion.

NICHOLSON INTERNATIONAL

FINANCE DIRECTOR

Greater Manchester

c.£33,000 + Car

LEISURE INDUSTRY

A career entry point into a fast moving subsidiary of one of the UK's most exciting and successful public groups.

An experienced and imaginative accountant is sought to fulfil a vital role in the progress of this subsidiary and the expansion of its businesses. With a turnover of £20m+ resulting from manufacturing, distribution and sales of leisure equipment, the company is a well-established market leader.

The requirement is for a qualified accountant (probably ACMA) with up to five years' post qualification experience. Suitable candidates must demonstrate the ability to:-

- Provide effective financial and commercial support to the M.D.;
- Think globally and focus on essential detail;
- Introduce a production costing system;
- Update existing computer systems.

Initial interviews will take place in Manchester on 25th July. Suitable candidates should telephone ***Graham Palfery-Smith****, Deputy Managing Director, on* ***071-629 4463****, (evenings and weekends* ***081-460 8079****) for more information.*

HARRISON WILLIS
EXECUTIVE SEARCH & SELECTION
Cardinal House, 39-40 Albemarle St., London W1X 3FD. Tel: 071-629 4463
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Pour de plus amples renseignements, veuillez contacter:

STEPHANIE SPRATT 071 873 4027

FINANCIAL TIMES

Group Taxation Manager

c£40,000 + Car

Our client is a substantial UK quoted manufacturer with a turnover comfortably in excess of £500 million. In addition to a strong position in UK markets the Group has overseas activities which are mainly based in Europe and North America.

Whilst the Group Taxation Manager will monitor the overall Group structure and advise on the financing and organisation of the Group's international affairs the main thrust of the role in the immediate future will be to ensure effective and economical compliance across the full range of UK and overseas taxes. There is a small department to organise and manage.

Applicants should be graduate accountants/taxation specialists with a minimum of 5 years experience in a significant international business, who can demonstrate that they are ready to move up to the top position in this scale of business.

The Group Headquarters is easily accessible from the southern leg of the M25 and there is in any event a relocation package available if necessary.

Please apply in confidence quoting Ref. L484 to:

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 071-240 7805

Mason & Nurse
Selection & Search

Business Analyst

Essex/Herts borders

Longman is one of the world's leading publishing groups and a major company in the information and entertainment sector of Pearson plc.

The Business Analyst will report direct to the Finance Director of Longman Group UK. He or she will provide a service to several of the publishing businesses in the Group, assessing new business opportunities and acquisitions and contributing, through investigation and appraisal, to the enhancement of business performance.

This is a high profile role providing the opportunity to influence decision making and strategy at a senior level.

The successful applicant will be a graduate accountant or MBA, probably in their late 20's, and someone with proven commercial experience and excellent communication and interpersonal skills.

Please write enclosing a cv and daytime telephone number to: Judy Little, Human Resources Director, Longman Group UK Ltd., Longman House, Burnt Mill, Harlow, Essex CM20 2JE.

Closing date for applications: Monday 29th July 1991.

LONGMAN GROUP UK

Committed to equal opportunities in employment

APPOINTMENTS WANTED

SENIOR FINANCIAL MANAGER

FCMA

International, US and European experience.
Hands on motivating manager, experienced in leading finance, treasury and MIS functions.
Looking for consultancy or permanent role in growing or turnaround situation.
Flexible location, prepared to travel.

Phone: 0442 843574

Gearing up for change.

FINANCIAL CONTROLLER
PACKAGE TO £40K

The opening of European markets and completion of the Channel Tunnel are set to create major new opportunities for growth. Supported by potential investment of £250 million over the next 3 years, Railfreight Distribution is uniquely positioned to exploit each opportunity to the full.

We're looking for a seasoned professional who can help us achieve our goal. As part of our senior financial management team, you'll have considerable influence over our future success. Directing all our financial processes and procedures, you'll provide a secure financial base from which the entire organisation can be managed.

In addition to controlling the maintenance of our records and processes, you will also ensure that procedures are determined and set in place to cover every aspect of our financial affairs - particularly invoicing and credit control - and arranging training where necessary.

You'll be liaising with financial and non-financial people at every level, so your technical expertise should be backed by personal credibility and the ability to manage change effectively. A qualified accountant with considerable experience at senior level, you'll need well-developed leadership skills, and you should be thoroughly experienced in heading a large, complex department.

You'll be consolidating all your skills and experience in a programme of immense challenge and importance. In return, we offer an excellent package which includes BUPA and free first class travel on British Rail.

Please write with your cv to Mr Joseph Collins, Development and Training Manager, Room 400A, Great Northern House, 79-81 Euston Road, London NW1 2RT.

British Rail - working towards equal opportunities.

Railfreight Distribution

INVESTMENT EXECUTIVE

CANDOVER

City | ACA | £ Negotiable

Candover Investments plc organises and invests in management buy-outs. Established in 1980 Candover has become a leader in its field with substantial funds available.

Candover is now seeking to recruit an executive to join their small but highly professional and experienced team.

Responsibilities will initially include:

- evaluation of buyout proposals
- assisting with price negotiations
- the financial structuring of buy-outs
- raising and negotiation of bank and other debt finance
- assisting with the legal aspects of acquisitions
- monitoring of investee companies including board representation

Having qualified with one of the 'big 6', the ideal candidate will have gained relevant experience within the profession either by secondment or special assignments in the corporate finance and/or venture capital fields.

Prerequisites for this challenging role are:

- outstanding academic record
- technical competence
- excellent presentation and interpersonal skills
- self-motivation and ambition
- determination and drive
- aged 26 to 33

Financial benefits will be negotiable depending on the experience to date. Interested applicants should write with their detailed CV to Mark Jolly at the address below:

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House, 1 Leicester Place, London WC2H 7BP
Tel: 071 437 0464 Fax: 071 437 0597

GROUP FINANCE AND ADMINISTRATION DIRECTOR

West Midlands | **to £35k plus car**

OUR CLIENT is a long established privately owned group involved primarily in Newspaper and Magazine Publishing and Travel. The Group is poised for continuing steady growth characterised by an innovative approach to new commercial opportunities and an open style of management.

THE ROLE of the Group Finance and Administration Director, reporting directly to the Chief Executive, is to manage the total financial and accounting function within the Group and to further develop its role and effectiveness. Of particular importance is the development of the computer applications within the trade functions of the Group. Also acting as Company Secretary, the responsibilities will include some personnel and administration work.

THE REQUIREMENT is for a qualified accountant with strong commercial instincts and the inclination, energy and talent to support the business development of the Group working closely with the Chief Executive and Division Heads. Abilities of persuasion and diplomacy and leadership are, therefore, seen as important.

THE REMUNERATION PACKAGE is negotiable for the right candidate and will include a fully expensed quality motor car, private health insurance and a contributory pension scheme. Assistance with relocation will also be available where appropriate.

Please reply in complete confidence enclosing a CV and quoting reference No. 237 to: The Managing Director

Tanstead Associates Ltd
Executive Search & Selection
48 High Street North, Dunstable, Bedfordshire LU6 1LA

EUROPEAN FINANCE DIRECTOR
HI-TECH U.S. CORPORATION

Excellent Package inc. relocation + car | **Southern based**

Our client is a major multinational organisation that has an expanding European business base. It is supported and managed through a multi-sited sales, marketing and support function run from the UK.

The organisation is commercially led, and as Finance Director you will report to the European General Manager with a strong dotted line relationship to the U.S. Corporate Controller. The role will encompass all financial reporting, *MIS* and taxation matters, in addition to responsibility for a fully staffed accounting function.

The successful candidate will be at ease in a matrix style of organisation and must be confident in managing change as the company grows and acquires broader interests. Candidates must have 10 years plus experience in financial management and be *qualified accountants* with strong analytical and problem solving skills and be familiar with the duties of a company secretary.

To discuss this opportunity further please call Stefan Ciecierski on (0273) 480088 until 7.30 pm weekdays or write/fax to the address below quoting reference: - 40181.

Intital interviews will be held in:

READING	ST. ALBANS
6th August	*7th August*

ERC House 32/33 North Street Lewes East Sussex BN7 2PQ United Kingdom
Telephone (0273) 480088 Fax (0273) 480808 Int. Code (+44 273)

THE ERC GROUP

HIGH TECHNOLOGY RECRUITMENT FOR EUROPE

Career Opportunities in Industry For Young Qualified Accountants

West Country | London

Divisional Finance Managers are now required by a major multi-national, a world leader in its field. Part of a small team, these new positions arise from re-organisation and will report to Divisional Finance Directors variously responsible for turnovers ranging between £100 - £200m across a number of companies operating throughout Europe.

In addition to handling consolidations and implementing new systems, you will be expected to be proactive in contributing to commercial decisions, giving the job-holder a first class introduction to international manufacturing in a fast-moving customer-driven environment.

Either recently qualified or sitting finals, you will be technically confident and computer literate. At the same time you will have excellent communication and inter-personal skills with the belief that you possess a sure commercial touch.

The attractive benefits package includes relocation assistance where needed.

To apply, please send your curriculum vitae to:
KEITH TOWNROW & PARTNERS, AZTEC CENTRE,
AZTEC WEST, ALMONDSBURY, BRISTOL BS12 4TD
TELEPHONE: 0454 614373 FACSIMILE: 0454 614700

KEITH TOWNROW
• AND PARTNERS •
EXECUTIVE SEARCH & SELECTION

FINANCIAL/MANAGEMENT ACCOUNTANT

West London

The British subsidiary of a French group which is one of Europe's leading transport companies, provides a complete range of transport services from five UK offices employing some 60 people.

Working closely with the MD and supervising the day-to-day operations of the Accounts Department, your responsibilities will include the preparation of monthly management reports and half-yearly and yearly accounts for auditing, and budget preparation, monitoring and forecasting.

A qualified accountant, you must have at least three years' experience as a Financial Accountant or Controller in an industrial or commercial company.

Please send a full cv to F. Philibert, **Ref: A/3275/FT, PA Consulting Group**, 78 boulevard du 11 Novembre, 69626 Villeurbanne, Cedex.
Tel: 33 78 93 90 63.

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BUSINESS ANALYSTS

Major plc | Central London | To £40,000 + Benefits

Our Client is one of the UK's largest household-name companies. With a diverse product range they are poised to further develop their domestic and International markets via both acquisition and organic growth.

The further development and implementation of these plans has created a number of new opportunities within the areas of planning and financial analysis. Principal tasks will concentrate upon the preparation and review of business plans including analyses of products, regions and competitors. The roles will be high profile, require a considerable degree of commercial insight and although varied will require certain common attributes:-

- Aged 25 to 30 years old.
- Qualified ACA/CIMA with a good examination record.
- Graduates, preferably 2i degree or above.
- Well developed analytical and communication skills.

This is an excellent opportunity to join a prestige organisation at a key moment in its corporate development. Interested candidates should contact Charles Macleod at Robert Half, Freepost, Walter House, 418 The Strand, London, WC2R OBR. Telephone 071-836 3545. Alternatively, fax your details on 071-836 4942.

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THE HUMAN FACTOR

ENTREPRENEURIAL FINANCE DIRECTOR

For specialist overseas estate agency, based in the South of England; trading in France, Spain, Portugal, USA, Eire (and generally "overseas"); dealing in professional estate agency/consultancy, primarily with freehold land and properties. Seeking part or full-time involvement of a finance-based business person to take an active role in the further development of a small and successful group of privately owned companies. Share option included in remuneration package. Please write or phone in the first instance, with full career details to ARB Personnel, 4 Rickett Street, London SW6 1RU. Telephone 0932 789894.

BACS provides an expanding Electronic Funds Transfer (EFT) service to our members, the major UK Financial Institutions and their corporate customers. Internal Audit is responsible to the Board within a high security organisation where the work of Internal Audit is accepted as a key factor in maintaining a secure and cost effective EFT service. This is a unique opportunity to join the largest Automated Clearing House (ACH) in Europe.

Senior Internal Auditor

c.£25,000 plus banking benefits

The Department has a high profile and staff are expected to deal competently with senior management. The work is both challenging and varied. Due to the continued expansion we are looking to recruit additional senior staff whose duties will include responsibility for major operational audits and also the review of large new systems (experience of ICL and Tandem mainframe systems very desirable) under development. The successful applicant will also be expected to contribute in a positive way to the continued development of the department.

We are looking for a minimum of 5 years' experience in internal auditing which includes exposure to the area of major Systems Development Life Cycle audits. This background could equally well have been gained either in the private sector or in central/local government. You will be a graduate of a university within the EEC and hold the qualification of the UK Institute of Internal Auditors (MIIA) or Chartered Institute of Management Accountants (CIMA). To fit into the existing team you should be in the age range 26 to 40.

Excellent benefits include:

- **Non-contributory Pension and Life Assurance Scheme**
- **House Purchase Scheme (after qualifying period)**
- **Relocation Assistance • Over 5 weeks annual holiday**
- **Subsidised Staff Restaurant • Profit Sharing**
- **Christmas Bonus Payment • Sports and Social Club**

For an application form, please contact Sharon Palser on 081-951 7613 or write to her at: BACS Limited, Freepost, De Havilland Road, Edgware, Middlesex HA8 5BR.

BACS

FINANCIAL DIRECTOR

West Midlands **c £50,000**

Our client, an ambitious, profitable, national retailing group with over 100 outlets has grown significantly during the last decade and is committed to continue to become the dominant force in its chosen market sector.

This key appointment, reporting to the Chief Executive, will include responsibility for the entire financial management of the business.

Candidates, ideally younger than 40, will be qualified accountants, probably graduates, with substantial experience of financial management gained at Director level, in both large and medium sized companies within a fast moving environment.

The negotiable remuneration package for this senior position will include car, profit bonus, other benefits and relocation expenses, if applicable.

Please write in strict confidence providing full career details and present salary, quoting reference number 591 to the Selection Division of:—

DEVEN ANDERSON
INTERNATIONAL EXECUTIVE SEARCH
Berwick House, 35 Livery Street, Birmingham B3 2BP

Administration Director

With the vision, and verve, to grow with a fast expanding financial services centre

Luxembourg

Our client is one of the foremost retail financial services Groups, with impeccable parentage and a total commitment to expansion in Continental Europe.

This new appointment, seen as critical to the success of such expansion, will provide an ideal opportunity for candidates looking for substantial autonomy, a multi-faceted role and a thoroughly professional environment. In return we are looking for flexibility, a multi-cultured understanding and, of course, energy — all of which will be required to enable you ensure that controls, computer systems and workflow match both increasingly large volumes and our clients exacting standards.

Ideal candidates, probably aged in their thirties (although we have no real prejudices), will have a proven background in sdministration within the broad financial services area. An accounting qualification would add weight to applications but is not essential and linguistic abilities, especially in French and German, would be of particular relevance. The willingness to adapt to a number of different cultures is crucial to the position.

This is a high-profile role and we will elso be looking for presentational, negotiating and people management skills.

The salary and benefits package, which will be tailored to the needs of the successful candidate, will reflect the importance placed on this appointment.

Please send full career details quoting Ref. A4090 to **Malcolm Lawson** at **Codd Johnson Harris, Human Resource Consultants, 12 New Burlington Street, London W1X 1FF.** Or alternatively, telephone 071-287 7007 during the working day or 0323 485580 in the evenings. Fax on 071-287 2391.

CJH Codd · Johnson · Harris

MILLIKEN

EUROPEAN CREDIT MANAGER

£24-£28,000 + Car + Benefits

Wigan

With three locations in the UK, plus sites in Belgium, France and Denmark, Milliken Industrials Ltd are the European subsidiary of a large US company. Involved in the production of textiles and chemicals, they are at the forefront of technology in this field with the largest and most productive textile research facility in the world. Significant future growth, both organic and by acquisition, is anticipated.

Based at the European Headquarters your role will involve regular contact with major customers and the fine tuning of credit control procedures.

As an experienced Credit Manager you must possess first class communication skills. Although knowledge of another European language would be desirable, consideration will be given to other candidates with relevant experience.

Relocation assistance is available.

For further details telephone David Byrne or Charlotte Abbott on 0204 27773 (daytime) or 0942 33757 (evenings/weekends). Alternatively post or fax your cv to Accountancy Personnel, 45-47 Deansgate, Bolton, Lancs BL1 1HQ. Fax No. 0204 27416.

Accountancy Personnel Hays

RECENTLY QUALIFIED ACCOUNTANTS LEISURE SECTOR

Group Accountant
Central c£28,00

Expanding company with substantial European presence offer role involving management accounting, consolidations, statutory accounting and analysis. 2nd language or European interests advantageous.

Management Accountant
W. London £27,500

Career role offering first opportunity to run own show. Reporting to M.D. of autonomous subsidiary, position entails control of accounting processes, systems development, budgetary control and year end reporting.

Contact Gordon Montgomery, BOND ACCOUNTANCY on 071 629 8863. Fax 071 408 0961.
(Recruitment Consultants)

N E W L Y Q U A L I F I E D A C C O U N T A N T S

After six months' training we'll be happy to see the back of you

If you have the personal strengths and professional qualities to succeed in a career overseas, the leading international tobacco business offers superb training and many rewards. Within six months you'll have the expertise for your first international posting – and a package that includes an excellent salary, free accommodation and paid school fees.

Of course, the demands are great. As a young accountant you will be carefully groomed to run and then manage our business. Over a number of years, in different countries, you'll have to quickly acquire a unique corporate culture in environments as colourful as Asia, Africa, the Far East and the Americas.

Very few professionals can do it. To excel overseas you'll have to be technically outstanding, instinctively gregarious and socially skilled. When you're in your 30's, we'll expect you to be Financial Director of one of our 40 companies, contributing to a worldwide turnover that already exceeds £3 billion. With continual development, and a series of international postings, the highest positions in our overseas operation will be within reach.

If you're currently a graduate Accountant (CIMA or ACA), aged under 28, with the personal resilience, mature outlook and linguistic ability to succeed in our business, get going. Write in confidence with your CV to: Bianca Coulter, K/F Associates, Pepys House, 12 Buckingham Street, London WC2N 6DF.

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Financial Recruitment Specialists

FINANCIAL TIMES
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INVITE YOU TO A *FITNESS* BREAKFAST

EXERCISE AND EXECUTIVE HEALTH

E S P R E E

THE CLUB
AT ROYAL MINT COURT
LONDON EC3

ON THURSDAY 15th AUGUST 1991
8.30AM TO 9.30AM

The talk will be given by Dr. Dan Tunstall Pedoe, the Medical Director of the London Sports & Medical Institute, and will address both personal and corporate fitness and will cover:-

- *The physical and psychological benefits of exercise.*
- Exercise as part of a healthy lifestyle.
- The effect of staff health on company performance.
- The employer's role in promoting fitness.

Dr. Tunstall Pedoe is a senior lecturer and consultant cardiologist at St. Bartholomews Hospital, Chairman of The British Association of Sport and Medicine and Medical Director of the London Marathon. An author and contributor to various publications on exercise and health, Dr. Tunstall Pedoe also runs marathons.

The Espree Club is a new 28,000 sq. ft. Health and Fitness Club situated close to Tower Bridge and the World Trade Centre. Facilities include:- general exercise centre with extensive cardiovascular and variable resistance equipment, large exercise studio, relaxation pool, health & beauty clinic and café bar.

There will be an opportunity to try out the facilities at the Espree Club either before or after the breakfast.

Please note that places at the breakfast are strictly limited.

If you wish to attend the Fitness Breakfast or you wish to receive a complimentary booklet on "The Benefits of Regular Exercise" contact Rachelle Nelson at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. (Telephone: 071-836 3545). When writing please indicate whether you will wish to make use of the club's facilities on the day.

Finance and Compliance Officer
City £35,000 + Benefits

Dongsuh International (Europe) Ltd is to be newly established as a wholly owned international subsidiary of Dongsuh Securities Co. Ltd. which is a top ranking securities house in Korea. The company will be growing fast as a strategic center for the expansion of international capital market operations in Europe. The company now wishes to recruit a Finance and Compliance Officer.

This position will be expected to deal with all accounting operations while maintaining systems to ensure the relevant legal compliance requirements as currently given by SFA.

The ideal candidate will be a qualified accountant with some professional working experience gained in compliance. Personal qualities must include strong communication and administration skills, enthusiasm and the ability to help set up a new operation in a small team for a long-term career. Age will not be a significant factor, but the successful candidates are likely to be in their 20's-30's.

Please write in strict confidence with full personal, career and salary information to the address below.

Dongsuh Securities Co., Limited
43 London Wall
LONDON EC2M 5TB

GROUP FINANCIAL CONTROLLER

Northern Home Counties — ACA — c£50,000+Car+25% Bonus+Share Option

With a turnover in excess of £300m this major UK printing and packaging group currently operates as a highly successful and profitable performer in a fiercely competitive market place. Anticipating continued expansion they now seek to strengthen their senior management team with the appointment of an outstanding Group Financial Controller.

The Group has adopted the highest standards of financial reporting and control which you will be expected to maintain and improve. Managing through 11 staff you will be responsible for the preparation and review of the Group's statutory and head office accounts, Group consolidation, treasury and the custodianship of the Group's accounting standards.. In addition you will be expected to make a commercial input at Board level and to operate as a key link between 10 subsidiary financial directors and the Group financial function.

In your 30's or early 40's and a qualified ACA, you will probably be performing a similar role at a divisional level in a manufacturing, multi-site operation and will be now looking for a bigger challenge in a dynamic and fast moving organization.

Charismatic and capable of being developed into a Deputy Financial Director we are searching for a natural team leader able to influence and make an impact in an exciting yet tough environment. This represents a unique opportunity to impose your personality and skills within a highly ambitious results driven company.

The package will include a competitive base salary, fully expensed company car, bonus, equity participation and other senior executive benefits. If you feel you have the qualities that this company are looking for please write to Simon Hewitt, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS

Queens House 1 Leicester Place London WC2H 7BP
Telephone: 071-437 0464 Fax: 071-437 0597

GROUP CASHIER

NORTH LONDON

Growing merger and acquisition group requires a capable, experienced, innovative, computer literate person for management of the Group's cash resources and borrowings on a day-to-day basis, securing optimum deployment of the Group's funds and borrowing facilities, preparing daily rolling cash forecasts, arranging direct bank transfers, documentation and control of Bills of Exchange and Letters of Credit, all aspects of effecting movements of funds and of obligations to banks and other financial institutions.

Secondary function will be general financial accounting work.

Non-smoker - Excellent salary

CV please to The Company Secretary, Orbro, PO Box 180 London N2 9DW

SENIOR FINANCIAL MANAGEMENT

Create Change – Generate "Bottom Line" Impact

Northern Home Counties

Our client is the major operating subsidiary within a recently formed group of electronics companies, which is itself owned by a major plc. This subsidiary, with a turnover in excess of £150m, is undergoing substantial change, following the appointment of a new management team with the responsibility for generating new business opportunities, profitable growth and a major change in culture to a more participative and proactive style of management.
In addressing the financial management needs of the business, the Group Finance Director has identified an immediate need for two key positions.

FINANCIAL CONTROLLER

Aged 32-42 — £42,500-£47,500 + car

- You will be the primary financial interface with operational management, requiring considerable commercial contribution to business performance and efficiency, in order to maximise "bottom line" returns.
- This is a high profile role, requiring strong, persuasive communication skills. Developing your team will require a high level of motivation and strong leadership.
- Reporting to the Group Finance Director, you will have staff responsibility for a substantial team – many of whom will be qualified accountants.
- Responsibilities will include:-
  - Strategic 5 Year Plan
  - Annual Budget
  - Monthly Forecasts
  - Financial Analysis
  - Multi Divisional Reporting
  - Project Accounting
- Short term prospects to head up the total finance function for this substantial subsidiary.

MANAGEMENT ACCOUNTING MANAGER

Aged 28-35 — £28,000-£35,000 + car

The main features of this role are:-

- To provide the financial input to the strategic planning process.
- To co-ordinate all aspects of the Annual Business budget.
- To establish forecasting disciplines and procedures in each of the trading divisions.
- To ensure the timely provision of monthly Management Accounts for all trading divisions.
- To create and maintain competitor intelligence and key performance comparators.
- To manage a small quality team.

For both positions you will be a qualified accountant, preferably ACMA, with experience in a significant electronics manufacturing environment. Exposure to a disciplined, professional, and demanding finance function is essential, with the emphasis on being proactive, rather than reactive.

Interested applicants are requested to send their resume urgently to:
Wayne Thomas, Wheale Thomas Hodgins plc, 9 Unity Street, College Green, Bristol BS1 5HH.

WHEALE · THOMAS · HODGINS · PLC

If you're looking for a company where you can make an impact and see a clear path forward, consider this retail group. They have thousands of outlets throughout the country, an excellent reputation and a progressive attitude to business. There couldn't be a better environment for a financial professional with your ambitions.

Set new standards through audit in a £multi-million group

London or Midlands
c£30k

As part of an expanding function, you will be responsible for the planning and performance of a Systems Based Audit Programme for up to four divisions. You will also be expected to develop accounting and control standards for the Group and positively contribute to systems development. Success will depend on your quickly winning the respect of Divisional Finance Directors and Senior Managers, with whom you will work, and being tactful and persuasive when introducing change.

You are likely ro have 3 years' post-qualification experience (ideally in a retail company) which will mean you're familiar with computerised financial systems and adept at communicating with people at all levels.

The knowledge that you will gain of our client's business make it likely that you will progress into a financial management role either in the divisions or their head office within 2/3 years.

The importance of the role is reflected in an excellent salary and benefits package, full details of which can be obtained by sending your cv quoting reference S3202/6 to The Response Bureau, Barkers LBW Human Resources Advertising Limited, 30 Farringdon Street, Loodon EC4A 4EA.

Please list separately any companies to whom your application should not be forwarded.

Barkers LBW

Financial Controller

c. £30,000 plus car

Cardiff

Forthright Finance Ltd is the instalment credit arm of Bank of Wales, a rapidly growing member of the Bank of Scotland Group. With branches throughout England and Wales, we have embarked on a period of exciting and substantial growth.

Reporting to the Assistant Managing Director, you will lead the financial team through this expansion by providing financial information and support to Senior Managers and you will be able to handle complex issues in a demanding and changing environment.

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